



## PROXIMUS, SA DE DROIT PUBLIC

Koning Albert II-laan 27, B-1030 Brussels  
incorporated with limited liability in Belgium  
Enterprise number 0202.239.951, Register of Legal Entities Brussels

### EUR 3,500,000,000 Euro Medium Term Note Programme

This base prospectus (the **Base Prospectus**) relating to the EUR 3,500,000,000 Euro Medium Term Note Programme (the **Programme**) of Proximus, SA de droit public (the **Issuer**) is valid, for the purpose of the admission to trading and listing of the Notes (as defined below) on the regulated market of Euronext Brussels, for a period of twelve months from the date of approval. Any Notes issued under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.

Under the Programme, the Issuer may from time to time issue notes (the **Notes**) in the Specified Denomination(s) specified in the applicable Final Terms as may be agreed between the Issuer and the relevant Dealer (as defined below). The Notes issued under the Programme may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes (each as defined herein) or a combination of any of the foregoing. The minimum Specified Denomination of Notes shall be EUR 100,000 (or its equivalent in other currencies). The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed EUR 3,500,000,000 (or its equivalent in other currencies) subject to increase as described herein. A description of the restrictions applicable at the date of this Base Prospectus relating to the maturity of certain Notes is set out on pages 132-134.

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 139 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a **Dealer** and together the **Dealers**). References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*”.

This Base Prospectus has been approved as a base prospectus on 20 March 2019 by the Belgian Financial Services and Markets Authority (the **FSMA**) in its capacity as competent authority under the Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market, as amended or superseded (the **Prospectus Law**), which implemented Directive 2003/71/EC, as amended or superseded (the **Prospectus Directive**). The approval by the FSMA does not imply any approval of the appropriateness of the merits of any issue of the Notes, nor of the situation of the Issuer. In addition application has been made to Euronext Brussels for Notes issued under the Programme to be admitted to trading and listing on the regulated market of Euronext Brussels. This Base Prospectus has been prepared on the basis of annexes IX and XIII of Commission Regulation 809/2004.

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 regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2014/65/EU, as amended (**MiFID II**).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set forth in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the regulated market of Euronext Brussels, will be filed with the FSMA. Copies of Final Terms in relation to Notes to be listed on the regulated market of Euronext Brussels will also be published on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)).

The Programme provides that Notes may be listed and/or admitted to trading, as the case may be, on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading on the regulated market of Euronext Brussels (or on any other stock exchange).

Each Tranche of Notes will be cleared through the clearing system operated by the National Bank of Belgium or any successor thereto (the **Securities Settlement System**). Such Notes will be issued in dematerialised form.

The Issuer has been rated A1 by Moody’s Investors Service España, S.A (**Moody’s**) and A by S&P Global Ratings Europe Limited (**S&P**). The Programme has been rated A1 by Moody’s and A by S&P. Each of Moody’s and S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009, as amended (the **CRA Regulation**). As such, each of Moody’s and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. Tranches of Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. 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.

**Notes issued under the Programme will not be placed with “consumers” (consumenten/consommateurs) within the meaning of the Belgian Code of Economic Law (Wetboek van economisch recht/Code de droit économique).**

Arranger

BNP PARIBAS

Dealers

Barclays

BNP PARIBAS

Belfius

HSBC

ING

J.P. Morgan

KBC Bank

Lloyds Bank Corporate Markets

NatWest Markets

The date of this Base Prospectus is 20 March 2019.

## IMPORTANT INFORMATION

This document constitutes, for the purposes of Article 5.4 of the Prospectus Directive, a base prospectus for Proximus, SA de droit public (**Proximus**) in respect of all Notes to be issued by Proximus under the Programme.

In this Base Prospectus, references to the **Issuer** are to Proximus as the issuer or intended issuer of Notes under the Programme, and references to **Group** are to Proximus and its consolidated subsidiaries.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Neither the Arranger nor the Dealers have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or any responsibility for any acts or omissions of the Issuer, or any other person (other than the relevant Arranger or Dealer) in connection with the Base Prospectus or the issue and offering of Notes.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

## IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in any such jurisdiction.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Arranger or any of the Dealers represents that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Arranger or any of the Dealers which is intended to permit an offer to the public of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including Belgium and the United Kingdom) and Japan (see “*Subscription and Sale*”).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction (see “*Subscription and Sale*”).

The Notes may not be a suitable investment for all investors. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has 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;
- (ii) has 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) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

**MIFID II product governance / target market** – The Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**PRIPs / important – EEA retail investors** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

**Prohibition of sales to consumers in Belgium** – The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to “consumers” (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit économique*), as amended.

**Benchmark Regulation** – Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate (**EURIBOR**) or the London Interbank Offered Rate (**LIBOR**), which are administered by the European Money Markets Institute (**EMMI**) and the ICE Benchmark Administration Limited (**ICE**), respectively. As at the date of this Base Prospectus, EMMI does not appear and ICE appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the **Benchmark Regulation**). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that EMMI is not currently required to obtain authorisation or registration.

## PRESENTATION OF INFORMATION

All references in this document to **U.S. dollars**, **U.S.\$**, **USD** and **\$** refer to United States dollars and all references to **£**, **pounds** and **Sterling** are to pounds sterling. In addition, all references to **EUR**, **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having

taken all reasonable care to ensure that this is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect its import. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **PROSPECTUS SUPPLEMENT**

If at any time the Issuer shall be required to prepare a Prospectus supplement pursuant to Article 34 of the Prospectus Law, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed and admitted to trading on the Euronext Brussels' regulated market, shall constitute a Prospectus supplement as required by Article 34 of the Prospectus Law.

If at any time during the duration 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 rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Base Prospectus or publish a replacement 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.

### **STABILISATION**

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms 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 persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes 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 of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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## OVERVIEW OF THE PROGRAMME

*The following Overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.*

*The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event a new prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.*

*This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive, as amended (the **Prospectus Regulation**).*

*Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this overview.*

|                              |   |
|------------------------------|---|
| <b>Issuer:</b>               | Proximus, SA de droit public (a company having made a public call on savings)   |
| <b>Description:</b>          | Euro Medium Term Note Programme   |
| <b>Arranger:</b>             | BNP Paribas   |
| <b>Dealers:</b>              | Barclays Bank PLC<br>Barclays Bank Ireland PLC<br>BNP Paribas<br>Belfius Bank NV/SA<br>HSBC Bank plc<br>ING Bank N.V., Belgian Branch<br>J.P. Morgan Securities plc<br>KBC Bank NV<br>Lloyds Bank Corporate Markets plc<br>NatWest Markets N.V.<br>NatWest Markets Plc<br>and any other Dealers appointed in accordance with the Programme Agreement.   |
| <b>Certain restrictions:</b> | <p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “<i>Subscription and Sale</i>”).</p> <p><b>Notes with a maturity of less than one year</b><br/>Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in other currencies, see “<i>Subscription and Sale</i>”.</p> |

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| <b>Domiciliary Agent:</b>              | BNP Paribas Securities Services SCA, Brussels Branch.<br><br>The Notes will be issued pursuant to and with the benefit of a Domiciliary and Belgian Paying Agency Agreement dated 20 March 2019 between the Issuer and BNP Paribas Securities Services SCA, Brussels Branch.   |
| <b>Belgian Listing Agent:</b>          | BNP Paribas Securities Services, SCA, Brussels Branch.   |
| <b>Programme Size:</b>                 | Up to EUR 3,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.   |
| <b>Distribution:</b>                   | Notes may be distributed on a syndicated or non-syndicated basis.  |
| <b>Currencies:</b>                     | Notes may be denominated in euro or, subject to any applicable legal or regulatory restrictions and the requirements of the Securities Settlement System, any other currency agreed between the Issuer and the relevant Dealer.  |
| <b>Maturities:</b>                     | The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities 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 Issuer or the Specified Currency.  |
| <b>Issue Price:</b>                    | Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Final Terms.   |
| <b>Form of Notes:</b>                  | Each Tranche of Notes will be cleared through the Securities Settlement System. Such Notes will be issued in dematerialised form. They will be represented by book entries in the records of the Securities Settlement System. The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer form.  |
| <b>Fixed Rate Notes:</b>               | Interest on Fixed Rate Notes will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.   |
| <b>Floating Rate Notes:</b>            | <p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(i) 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 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li> <li>(ii) on the basis of the reference rate set out in the applicable Final Terms.</li> </ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> |
| <b>Other provisions in relation to</b> | Floating Rate Notes may also have a maximum interest rate, a minimum   |



|  |  |
|--|--|
| <b>Floating Rate Notes:</b>                        | <p>interest rate or both (as indicated in the applicable Final Terms).</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.</p>   |
| <b>Zero Coupon Notes:</b>                          | <p>Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.</p>   |
| <b>Redemption:</b>                                 | <p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity, if applicable (other than for taxation reasons or following an Event of Default), or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “<i>Certain Restrictions – Notes with a maturity of less than one year</i>” above.</p>  |
| <b>Denomination of Notes:</b>                      | <p>The Notes will be in such denominations as may be specified in the relevant Final Terms save that in the case of any Notes, the minimum Specified Denomination shall be EUR 100,000 (or its equivalent in other currencies).</p>  |
| <b>Negative Pledge:</b>                            | <p>See “<i>Terms and Conditions of the Notes – Negative Pledge</i>” on page 42.</p>  |
| <b>Certain Conditions of the Notes:</b>            | <p>See “<i>Terms and Conditions of the Notes</i>” on pages 40-76 for a description of certain terms and conditions applicable to all Notes issued under the Programme.</p>   |
| <b>Rating:</b>                                     | <p>The Programme has been rated by S&amp;P and by Moody’s. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Programme. A 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.</p>  |
| <b>Approval, Admission to trading and Listing:</b> | <p>This Base Prospectus has been approved as a base prospectus on 20 March 2019 by the FSMA in its capacity as competent authority under the Prospectus Law, which implemented the Prospectus Directive. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of Euronext Brussels.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges</p> |

and/or markets.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. Furthermore, the Notes are not intended to be offered, sold or transferred in Belgium to consumers (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*). See “*Subscription and Sale*”.

**United States Selling Restrictions:**

Regulation S, Category 2. TEFRA is not applicable to the Notes.

## **RISK FACTORS**

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur; as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

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

*Prospective investors should, however, read the detailed information set out elsewhere in this Base Prospectus and in the documents incorporated by reference herein and reach their own views prior to making any investment decision.*

*To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that this is the case) the information contained in this "Risk Factors" section of this Base Prospectus is in accordance with the facts as at the date of approval of this Base Prospectus and does not omit anything likely to affect its import.*

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

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

#### ***Risks related to the Group's Business – Enterprise wide risks***

Proximus' Enterprise Risk Management (ERM) is a structured and consistent framework for assessing, responding to and reporting on risks that could affect the achievement of Proximus' strategic development objectives. Proximus' ERM covers the spectrum of business risks ("potential adverse events") and uncertainties that Proximus could encounter. It seeks to maximise value for shareholders by aligning risk management with the corporate strategy. It does so by assessing emerging risk (e.g. from regulation or new technologies on the market) and developing mitigating strategies in line with its risk tolerance.

Proximus' ERM framework has been reviewed and updated in 2017 in order to be aligned with best practices in the market. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritised in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The bottom up identification and prioritisation process is supported by a self-assessment template and validation sessions. The resulting report on major risks and uncertainties is then reviewed by the Executive Committee, the CEO and the Audit and Compliance Committee. The main findings are communicated to the Board of Directors. Among the risks identified in the ERM exercise of 2017, the following risk categories were prioritised (in the following order): competitive market dynamics, business model and servicing evolution, employee skills and motivation, customer experience and human resource cost flexibility.

**Risks related to competitive Belgium market situation (including price/value positioning and potential pricing disruption factors)**

Proximus' business is primarily focused on Belgium, a small country with a few large telecom players, with Proximus being the incumbent. Proximus operates in growing markets (e.g. mobile data, security, Internet of Things (IOT), smart mobility, Application Programming Interface (API) platforms), maturing markets (e.g. smartphones), saturated markets (e.g. Fixed Internet, postpaid mobile and fixed voice) and even declining markets (e.g. prepaid mobile and enterprise voice).

The market is in constant evolution, with competitive dynamics at play (e.g. frequent new product launches and competitors entering new segments of the market) that might impact market value going-forward. Specifically, the market structure could change significantly with the possible entry of a new mobile operator on the market, supported by favourable conditions set in the upcoming spectrum auction.

Substitution of fixed line services by over the top (OTT) services (e.g. by apps and social media such as Skype, Facebook, WhatsApp, etc.) and TV content could put further pressure on revenues and margins as these OTT services continue to gain ground.

As a result of its long-term strategy and continued network investments (e.g. Fiber, VDSL/Vectoring, and 4G/4G+), Proximus has been consistently improving its multi-play value propositions by putting more customers on the latest technologies, keeping the lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (e.g. Sports, Netflix, families and kids with, for example, the agreement with Studio 100), developing an omnichannel strategy and improving digital customer interfaces, etc. Proximus has built up an advantageous and solid competitive position providing the company with other levers than just price, reducing the risk to churn and price disruption exposure. Proximus also successfully launched "Epic", a new mobile offer targeted at the millennial segment, with a specifically designed offer to meet the mobile needs of these customers.

Proximus is also responding to these threats through a convergent and bundled approach and by offering new services and opting for an aggregator model, putting at disposal the best content to its customers (e.g. Netflix embedded in Proximus TV set-up box).

The price-sensitive segment, which has continued to rise in 2018 as more consumers seek 'no frills' offers at a lower price, is successfully addressed via its subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

In the corporate large-company market, the scattered competitive landscape drives price competition, which may further impact revenue and margins.

Here also, Proximus intends to respond to increasing competition by strengthening its voice-data-IT convergence strategy, leveraging unmatched sales reach, broad portfolio and expertise. Proximus has developed specific solutions to accompany customers in the transition to both local and cloud-based communication services and by leveraging various assets to offer simple, reliable and technologically advanced solutions to meet customer communication needs. Furthermore, Proximus also seeks to answer new customer business needs through solutions combining core assets with innovation like IoT, Cloud, Security and big data, which will help preserving the value.

### **Risks related to business model and servicing evolution**

Proximus' business model and financial performance have been and will be impacted by (disruptive) technologies, such as SD-WAN, 5G and OTT services. Proximus' response to new technologies and market developments and its ability to introduce new competitive products or services, which are meaningful to its customers, will be essential to its performance and profitability in the long run.

For ultra-broadband fibre based connectivity, Proximus operates a local marketing approach, joining forces of its sales and the one of technical forces and of local partners for its fibre deployment project.

Proximus also continues to develop capabilities to support business customers in their digital transformation with its industry-tailored support and convergent products combining connectivity, hybrid cloud and managed security solutions.

Proximus continuously explores ways to diversify revenue streams outside the classical connectivity business. Examples include the rapidly growing IoT business (including adjacent services), the **EnCo** platform (EnCo, or Enabling Company, is a platform on which developers can utilise Proximus assets within their own solutions) and the smart advertising and smart mobility services (among others through its B-Mobile subsidiary). In those adjacent domains Proximus explores new partnership models and considers inorganic growth paths.

### **Risks related to employee skills and motivation**

In the digital era, knowledge workers are a competitive asset if they have the right skills and mind-set. Proximus could face a shortage of skilled resources in specific domains, such as security, digital front-ends, data science and agile IT. This shortage could hamper the realisation of its #shifftodigital and customer-centric strategy and delay some of its ambitions in innovation. In addition, Proximus needs to upgrade skills in customer-facing and in other functions to become digital oriented. This is why Proximus is putting so much attention on training programmes, internal mobility, the hiring of young graduates from relevant fields and employer branding.

In this matter, it is also essential for Proximus to adapt its way of working to the needs and requirements of the new generation – “the millennials” – and manage all talents within an inclusive multigenerational environment.

Considering the imperative to align skills versus customer and business needs, Proximus has taken the necessary steps to identify which skills are critical to face tomorrow's challenges and to discover, develop and share each other's talents to have the right talent at the right place. Proximus also continues investing in leadership, collaborative work environment, digitalisation, development to stimulate a company culture that nurtures a growth mindset, new ways of working, and its five company values (being digital mindset, customer centricity, accountability, collaboration and agility).

### **Risks linked to customer experience**

For Proximus, delivering a superior customer experience is a core strategic mission, but also an ongoing risk domain, considering:

- the fast evolution of market expectations;
- the large and complex offer of product and services; and
- the process /legacy IT application complexity.

Proximus is committed to meet its brand promise ‘Always close’ by transforming into a digital service provider while delivering a superior customer experience: a consistent and intuitive experience across

interactions, a high quality and stable network, easy-to-use products and services, a good recommendation index and low effort on all interactions in all customer journeys.

The customer experience is the key focus of Proximus' strategy, which is implemented through key transformational initiatives, such as end-to-end journey evolution and Voice of the Customers and business as usual activities. With these, Proximus' ambition is:

- ensuring products and services are designed to match customer expectations before launching;
- maximising usage satisfaction of products and services with a focus on in-home and in-office experience;
- designing or redesigning end-to-end customer journeys and ensuring a personalised and effortless interaction with the Proximus brand;
- creating and maintaining a continuous dialogue with Proximus' customers to engage with them and evolve towards a real customer centric company; and
- reacting more quickly when Proximus does not deliver a first-time right experience or even proactively addressing an issue before the customer notices it.

The following list includes a few examples of what has already been achieved:

- a massive upgrading of customers to latest technology;
- 'Happy House' visits to improve the in-home experience for customers;
- 'Safety nets' for customers at risk via 360° multitasked transversal teams;
- multi-objective calls and e-mails to proactively address customers at risk;
- improvement of digital channels and tools: 'MyProximus' application redesign and the development of the new 'Home optimiser' application;
- launch of the new WiFi-booster to improve WiFi coverage in home; and
- re-design of customer journeys.

### **Risks related to Human Resources cost flexibility**

Even though Proximus is back on the path of growth since 2015, strong competition, the impact of regulation and fast market evolution require that Proximus needs to further reduce costs in order to remain competitive and preserve EBITDA. A significant part of Proximus' expenses is still driven by the cost of the workforce (whether internal or outsourced, expensed or capitalised). Expressed as a ratio of turnover, Proximus' total cost of workforce still lies above the average of international peers and main competitors, even if steady progress has been made over the past years.

Moreover, Belgium applies automatic inflation-based salary increases, leading to higher costs, not only of Proximus' own employees but also of the outsourced workforce, with the outsourcing companies being subject to the indexation as well.

At Proximus Group level, about one in four employees is statutory. The application of HR rules, as defined in successive collective agreements, is quite strict and does not allow as high a flexibility as is the case for Proximus' competitors. This may restrict Proximus' ability to improve efficiency and increase flexibility to levels comparable to those of its competitors.

In 2018, the next wave of employees which fall under the voluntary early leave plan that was agreed by the unions in 2016 has left the company. In the future, major efforts will however be required in order to increase

the organisational flexibility and agility. That is why Proximus intends to accelerate its transformation in the next three years, to become an increasingly digital company, and an agile and efficient organisation.

First, Proximus will continue to adapt and simplify the organisational structure in order to evolve towards a high-performance organisation, and as such transforming the way it works.

Besides, different initiatives (i.e., a drastic simplification and/or automation of Proximus' products, services, processes and systems) should optimise and safeguard the balance between workforce and workload (both in numbers and competencies). The objective is to adapt workforce cost and HR rules to Proximus' future needs, to remain competitive and to be able to evolve with its customers' needs.

In this respect, discussions with unions are aimed, on the one hand, to adapt the workforce to the workload and, on the other hand, to simplify the current social model, enhance functional and geographical mobility, increase HR flexibility and further optimise the in- and outsourcing balance. This is expected to improve Proximus' productivity, flexibility and agility on the market.

### ***Operational risks***

Operational risks relates to risks arising from systems, processes, people and external events that affect the operation of Proximus' businesses. It includes product life cycle and execution; product safety and performance; information management, data protection and cyber security; business continuity; supply chain and other risks, including human resources and reputation. Depending on the nature of the risk involved and the particular business or function affected, Proximus is using a wide variety of risk mitigation strategies, including adverse scenario stress tests, back up/business continuity plans, business process reviews, and insurance. Proximus' operational risk measurement and management relies on the Advanced Measurement Approach (AMA) methodology. A dedicated "as-if" adverse scenario risk register has been developed in order to make stress tests relevant.

Proximus is covered by extended general and professional liability, property damage and business interruption insurance as well as a dedicated cyber security insurance program. Nevertheless, those insurance programs may not provide indemnification if the traditional insurance exclusions (non-accidental event) should apply.

The most prominent examples of operational risk factors are stipulated below.

### **Business Continuity**

Interruptions to Proximus' ICT infrastructure as well as to the telecom infrastructure that supports Proximus' businesses (including those provided by third-party vendors such as power suppliers) could seriously impact its revenues, liabilities and brand reputation.

Therefore, building and ensuring resilience of Proximus' products and services is and remains a top priority. Proximus is convinced that good business continuity plans will keep the company up and running through interruptions of any kind, e.g. power failures, IT system crashes, natural disasters, supply chain problems and more.

For each critical business function, business continuity plans have been developed in order to:

- identify and prevent risks where possible;
- prepare for risks that Proximus cannot control; and
- respond and recover if an incident or crisis occurs.

Per critical product and services, a relevant Maximum Tolerable Period of Disruption (MTPOD) has been defined in line with the sales business units requirements.

Proximus is closely following the international standards and best practices guidelines. The level of preparedness (relevant KPIs and score cards) is submitted annually to the Audit and Compliance Committee. In case of a major adverse event, Proximus has put in place and is continuously testing a crisis management process called PERT (Proximus Emergency Response Team).

### **Legacy network infrastructure**

The systems need to interact with each other over a connected information highway that can deliver information at high speed and without distortion. There is no doubt that in the coming years there will be a continuing demand for ever-increasing quantities of data at ever-increasing speeds. There is a widely held belief that the increased use of wireless and fiber optic technology will render copper wire obsolete.

The problems with services over copper are speed, reliability and value for money. All too often, a redundant, legacy system is used which is outdated and costly to operate and maintain. Copper has been around for decades and has far out-lived any guarantee period. Outages on the lines are expected to become more frequent.

Considering those elements, Proximus was in 2004 the first operator in Europe to start building a national Fiber to the home network. Today, Proximus is among the world's top five operators for the proportion of Fiber in its VDSL network with over 21,000 kilometers of optical fiber connecting its street cabinets.

In the last two years, Proximus has accelerated the roll-out of Fiber on its fixed network thanks to its 'Fiber for Belgium' EUR 3 billion investment plan over the next ten years.

### **Cyber Security**

Increased global cyber security vulnerabilities, threats and more sophisticated and targeted cyber-related attacks pose a risk to the security of Proximus as well as its customers', partners', suppliers' and third-party service providers' products, systems and networks. The confidentiality, availability and integrity of Proximus' and its customers' data are also at risk.

Proximus is taking the necessary actions and is making the necessary investments to mitigate those risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and contingency plans.

### **Sourcing and Supply chain**

Proximus depends on key suppliers and vendors to provide equipment that it needs to operate its business.

Supply chain risk management (SCRM) is defined as "the implementation of strategies to manage both every day and exceptional risks along the supply chain, based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity".

The following actions have been taken into account in order to keep an acceptable supply chain risk level:

- top critical suppliers or their sub-suppliers under constant watch;
- stock management;
- consideration of alternative sourcing arrangements;
- business interruption/contingency plans;
- risk assessments and audits;
- awareness campaigns and training programs;



- strict follow up of critical suppliers contractual liability and SLA clauses; and
- data protection and privacy.

### **Data protection & privacy**

Data protection laws exist to strike a balance between the rights of individuals to privacy and the ability of organisations to use data for business purposes. Keeping personal data confidential, private, safe and secure is a top priority for Proximus.

The EU General Data Protection Regulation's (**GDPR**) unification of data protection standards across the European Union has raised the privacy bar on personal data by requiring organisations to locate, understand its purpose and appropriately secure it.

In 2018, Proximus continued its GDPR implementation project started in 2017. Proximus' objective is to ensure compliance with the GDPR without disruptions to Proximus' data flow and business operations. More than 150 persons were directly involved in the project and approximately 500 others were involved in surveys, questionnaires, assessments, etc.

Proximus is committed to protect personal data and privacy and has taken a series of actions to ensure this, such as the appointment of a Data Protection Officer (**DPO**), the development of a structure for consent management, security screenings and corrective measures for its IT applications.

Proximus also implemented a Privacy Control Framework to provide assurance on the fact that personal data is managed as intended, accurate and protected by default and by design, and that its organisation is compliant with applicable laws and regulations and able to demonstrate this.

GDPR implementation will remain on the agenda for 2019. Proximus aims to optimise its internal processes to allow an efficient privacy by default/design approach. Proximus will further extend the privacy settings within the MyProximus app and website to allow its customers to efficiently choose how Proximus can use their personal data.

### ***If the global voice and/or data market grows less than expected, voice margins in BICS segment could decrease***

The international carrier services market continues to be characterised by high volatility within its voice segment. Unit margins for both the legacy voice and data segments continue to be under significant pressure as a result of price competition, consolidation of competitors and the ease with which customers are able to change providers.

If these two elements (i.e., volatility and unit price pressure) should continue and/or if Belgacom International Carrier Services SA (**BICS**) does not offset price decreases with increased volume on new activities, BICS' growth rate, operating revenue and net profit could come under further pressure. In addition, the competitive pressure on the mobile data market continues to increase and therefore affect the growth profile of the International Carrier Services.

The wholesale telecoms market has registered a further decline in volumes with a flattening pricing decrease in legacy communications (i.e., voice, P2P SMS) while being under the continuous and increased pressure from VoIP communications (such as WhatsApp, iMessage and Skype). Although BICS has, in 2018, registered high-volume growth in LTE signalling, IPX, Capacity or 2G/3G roaming, there is a fierce competition in growing markets, mostly due to the decline of traditional communications, the technology evolution and huge pressure on tariffs and termination rates. On traditional voice services, BICS has managed to maintain its volumes in line with last year's results and to further strengthen its market share in voice transport.

While the traditional wholesale business is highly volatile and commoditised, BICS has maintained its position in the global communications market as one of the top international voice carriers and providers of mobile data services, thereby transporting about 25% of the world's roaming traffic.

In 2017, BICS acquired TeleSign, a leading US-based CPaaS (communication platform as a service) company founded on security, to accelerate its diversification strategy into new market segments and further consolidate its presence in the Americas. During 2018, this proved to be the right diversification strategy as TeleSign managed to more than double its own EBITDA while competing with players that follow a different financial logic (high revenue growth but negative cash flows).

***Proximus may be sued by third parties for infringement of proprietary rights***

The telecommunications industry and related service businesses are characterised by the existence of a large number of patents and trademarks. Litigation based on allegations of patent infringement or other violations of intellectual property rights is common. As the number of entrants into the market grows and the overlap of product functions increases, the possibility of an intellectual property infringement claim against Proximus increases. In addition, the Group may be sued for copyright or trademark infringement for purchasing and distributing content through various fixed line or wireless communications and other media, such as through its portals.

Any such claims or lawsuits, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel, cause product shipment delays or delays in the granting of patent applications or require the Group to develop non-infringing technology or to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on commercially reasonable terms or at all. If a successful claim of product infringement were made against the Group or it could not develop non-infringing technology or licence the infringed or similar technology in a timely manner and on a cost-effective basis and commercially reasonable terms, operating revenue and net profit could decline.

***Risks related to jurisdiction, tax assessment and regulatory matters***

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by foreign countries, the EU, as well as applicable labour laws.

The complexity of the legal and regulatory environment in which we operate and the related cost of compliance are both increasing due to additional requirements. Furthermore, foreign and supranational laws occasionally conflict with domestic laws. Failure to comply with the various laws and regulations as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result, in damage to Proximus' reputation, civil and criminal liability, fines and penalties, increased tax burden or cost of regulatory compliance and restatements of Proximus' financial statements.

Proximus is subject to significant regulation and supervision (see 'Regulation' below for further details), which could require it to make additional expenditures or limit its flexibility, affect its financial results in general and otherwise adversely affect its business.

***The outcome of pending disputes involving Proximus with or before Belgian Government bodies could adversely affect Proximus' operating revenue and net profit***

Proximus is a party to a number of proceedings with or before BIPT and the Belgian Competition Authority concerning regulatory and competition matters. Adverse decisions in some or all of these proceedings could cause Proximus' operating revenue and net profit to decline as no or limited provisions have been accrued for these per the end of December 2018 (see "Litigation" below).

### ***Risks Related to Proximus' Ownership by the Belgian State***

**Proximus could be influenced by the Belgian State whose interest may not always be aligned with the interests of Proximus' other shareholders.**

Following the Initial Public Offering (IPO) in March 2004, the Belgian State held 50% plus one of Proximus' ordinary shares and voting rights. As at 31 December 2018, the Belgian State owned 53.51%.

Accordingly, the Belgian State will continue to have the power to determine matters submitted for a vote of shareholders, including the ability to control the outcome of certain corporate actions such as dividend policy, mergers and other extraordinary transactions. The Belgian State also has the power to appoint and dismiss the directors, but it must comply with legal and statutory requirements such as, for example, the appointment of independent directors. The interests of the Belgian State in deciding these matters and the factors it considers in exercising its votes could be different from the interests of Proximus' other shareholders.

**As an autonomous public sector enterprise, Proximus is governed by the Law of 21 March 1991 as amended (the 1991 Law), which differs in certain respects from the laws applicable to other Belgian commercial companies.**

Proximus is an autonomous public sector enterprise that has adopted the legal form of a limited liability company under Belgian public law and therefore is also governed by certain provisions of Belgian public and administrative law. The interaction between the laws applicable to all private limited liability companies and the specific public and administrative law provisions and principles has in the past presented and may continue to present difficulties of interpretation and may give rise to legal uncertainties for Proximus.

On 16 December 2015, a new law was adopted with the purpose of modernizing the 1991 Law in order to create a level playing field with competing companies, by aligning corporate governance to the normal rules for listed companies in Belgium and by defining the framework for the government to decrease its participation below 50%. At this stage, the 50% plus one ordinary share stake is thus maintained.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### ***Risks related to the structure of a particular issue of Notes***

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

**If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return**

The optional redemption feature of Notes is likely to limit their market value. 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.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

**If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned**

Fixed/Floating Rate Notes are Notes which 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 market rates.

**Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates**

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

**Risks related to the structure of a particular issue of Floating Rate Notes**

Reference Rates and indices, including interest rate benchmarks, such as the Euro Interbank Offered Rate (**EURIBOR**) and the London Interbank Offered Rate (**LIBOR**), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (**Benchmarks**), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Regulation (EU) 2016/1011 (the **Benchmark Regulation**), which became applicable on 1 January 2018, applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the European Union. Among other things, the Benchmark Regulation (i) requires Benchmark administrators to be authorised or registered (or if based outside the European Union, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of Benchmarks of administrators that are not authorised or registered (or if based outside the European Union, not deemed equivalent, recognised or endorsed). Pursuant to the Benchmark Regulation, an index provider needs to apply for authorisation or registration by 1 January 2020. It may, however, continue to provide an existing Benchmark (i.e., a Benchmark existing on or before 1 January 2018) until 1 January 2020 or, where an application for authorisation or registration is submitted, unless and until the authorisation or registration is refused.

In March 2017, the European Money Markets Institute (**EMMI**) published a position paper setting out the legal grounds for certain proposed reforms to EURIBOR. The proposed reforms seek to (i) clarify the EURIBOR specification, (ii) align the current methodology with the Benchmark Regulation, the IOSCO Principles (i.e., nineteen principles which are to apply to Benchmarks used in financial markets as published by the Board of the International Organisation of Securities Commissions in July 2013) and other regulatory recommendations and (iii) adapt the methodology to better reflect current market conditions. EMMI is more specifically aiming to evolve the current quote based methodology to a transaction based methodology in

order to better reflect the underlying interest that it intends to measure and adapt to the prevailing market conditions. In particular, it is contemplated that it will be anchored on actual market transaction input data, whenever available, and on other funding sources if transaction data are insufficient. In a statement published in January 2018, EMMI indicated that it aims to launch the hybrid methodology for EURIBOR by the fourth quarter of 2019 at the latest, in accordance with the transitional period provided for by the Benchmark Regulation. As presented in a first stakeholder consultation paper published by EMMI at the end of March 2018, the proposed hybrid methodology is composed of a three-level waterfall, which leverages on market transactions whenever available. In February 2019, EMMI published the summary of stakeholder feedback on a second consultation paper on a hybrid methodology for EURIBOR. At the same time, EMMI also published a blueprint of the methodology, targetted to non-expert audiences and aimed at providing further transparency and clarity on the hybrid methodology.

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. In a further speech on 12 July 2018, the Chief Executive of the United Kingdom Financial Conduct Authority emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards.

The Conditions provide for certain fall-back arrangements in the event that a relevant published Benchmark becomes unavailable.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Domiciliary Agent by reference to quotations from Reference Banks communicated to the Issuer or any third party appointed by the Issuer.

Where such quotations are not available (as may be the case if the Reference Banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from Reference Banks and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

If a Benchmark Event (as defined in Condition 4.2(h) (*Benchmark discontinuation*)) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions and/or the Domiciliary

Agency Agreement as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread, and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner or the Independent Adviser is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or the Independent Adviser has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, the Issuer will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or the Independent Adviser will continue to attempt to determine a Successor Rate or Alternative Rate to apply to the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant Benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant Benchmark were to continue to apply or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event (as applicable), will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of

Interest that would be applicable and may adversely affect the value of, and return on, the Floating Rate Notes.

***Risks related to Notes generally***

Set out below is a description of material risks relating to the Notes generally:

**Notes issued under this Programme constitute debt instruments of the Issuer**

Notes issued under this Programme constitute debt instruments of the Issuer. An investment in such Notes involves risks. By subscribing to the Notes, investors lend money to the Issuer who undertakes to pay interest and to reimburse the principal on the Maturity Date or earlier if applicable.

The ability of the Issuer to pay principal and interest on the Notes or to refinance such debt depends, amongst others, on its ability to generate sufficient cashflow from its operational activities or to raise new financing in the market.

Changing conditions in the credit markets and the level of outstanding debt of the Issuer could make its access to financing more expensive than anticipated and could increase the Issuer's financial vulnerability. Potential investors should be aware that, in case of bankruptcy or default by the Issuer, they may not be able to recover the amounts they are entitled to and risk losing all or a part of their investment.

**The conditions of the Notes contain provisions which may permit their modification without the consent of all investors**

The conditions of the Notes 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.

**The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes**

***Belgian withholding tax***

**- in case of a X/N issuance of the Notes**

Belgian withholding tax, currently at a rate of 30%, will in principle apply to the interest on the Notes held in a non-exempt securities account (a **Non-Exempt Account**) in the Securities Settlement System. If a payment were to be made to a Noteholder holding the Notes in a Non-Exempt Account, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to these Notes as a result of a deduction or withholding for the Belgian withholding tax.

Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of the Notes may change at any time (including during any subscription period or the term of the Notes). Any such change may have an adverse effect on a Noteholder, including that the liquidity of the Notes may decrease and/or the amounts payable to or receivable by an affected Noteholder may be less than otherwise expected by such Noteholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

- in case of a X-only issuance of the Notes

Currently, no Belgian withholding tax will be applicable to the interest on the Notes held by an Eligible Investor in an exempt securities account (an **Exempt Account**) in the Securities Settlement System, as further described in section “Taxation”.

If the Issuer, the National Bank of Belgium, a paying 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 National Bank of Belgium, the relevant paying 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.

Potential investors should be aware that none of the Issuer, the National Bank of Belgium, an agent or any other person will be liable for or otherwise obliged to pay, and the relevant Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in Condition 7 (*Taxation*). In particular, potential investors should be aware that pursuant to Condition 7 (*Taxation*), the Issuer will, among others, not be obliged to pay any additional amounts with respect to any Note to a Holder, who at the time of issue of the Notes, was not an Eligible Investor or to a Holder who was such an Eligible Investor at the time of issue of the Notes but, for reasons within the Holder’s control, either ceased to be an Eligible Investor or, at any relevant time on or after the issue of the Notes, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the Belgian Law of 6 August 1993 on transactions in certain securities.

- Anti-fraud rule with respect to withholding tax

According to the Belgian Law of 11 January 2019 containing measures to combat tax fraud and tax evasion with respect to withholding tax (which entered into force on 22 January 2019), interest withholding tax can be levied in the hands of a holder of the Notes who has unlawfully obtained the interest without withholding tax or who has unlawfully obtained a refund of the withholding tax.

***FATCA withholding***

The Notes may be subject to any withholding or deduction that, in certain specific circumstances, may be required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, or otherwise imposed pursuant to section 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of the Notes may change at any time (including during any subscription period or the term of the Notes). Any such change may have an adverse effect on a Noteholder, including that the liquidity of the Notes may decrease and/or the amounts payable to or receivable by an affected Noteholder may be less than otherwise expected by such Noteholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

**The value of the Notes could be adversely affected by a change in Belgian law or administrative practice**

The Conditions of the Notes issued by Proximus are governed by Belgian law in effect as of the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to



Belgian law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

***Risks related to the market generally***

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

**An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. 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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

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.

The Issuer may also issue Notes that are not listed or traded on a stock exchange or regulated market. Such Notes 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 relevant 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 relevant 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.

Furthermore, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict which of the circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

**If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes**

The Issuer will pay principal and interest on the Notes 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 or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

**The value of Fixed Rate Notes may be adversely affected by movements in market interest rates**

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

**Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes**

One or more independent credit rating agencies may assign credit ratings to the Issuer or 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, suspended or withdrawn by its assigning rating agency at any time. Any negative change in the credit rating of Proximus could adversely affect the trading price of the Notes.

In general, European regulated investors are restricted under the CRA Regulation 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 ESMA on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) 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 is set out on the cover of this Base Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the FSMA shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the audited consolidated annual financial statements of the Group prepared in accordance with IFRS for the financial year ended 31 December 2017, together with the related audit report thereon;
- (b) the audited consolidated annual financial statements of the Group prepared in accordance with IFRS for the financial year ended 31 December 2018, together with the related audit report thereon; and
- (c) the consolidated management report of 2018.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the FSMA in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. 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 can be obtained from the registered office of the Issuer at Boulevard du Roi Albert II - Koning Albert II Laan 27, 1030 Brussels and will also be published on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)) and the website of the Issuer ([www.proximus.com](http://www.proximus.com)).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

### Cross Reference List

#### **Audited IFRS consolidated financial statements of the Group for the financial year ended 31 December 2017.**

|   |         |
|---|---------|
| Consolidated balance sheet                | p. 2    |
| Consolidated income statement             | p. 3    |
| Cash Flow Statement                       | p. 5    |
| Statement of Changes in equity            | p. 7    |
| Accounting Policies and Explanatory Notes | p. 8-88 |
| Auditor's Report                          | p. 1-8  |

**Audited IFRS consolidated financial statements of the Group for the financial year ended 31 December 2018.**

|   |         |
|---|---------|
| Consolidated balance sheet                | p. 2    |
| Consolidated income statement             | p. 3    |
| Cash Flow Statement                       | p. 5    |
| Statement of Changes in equity            | p. 7    |
| Accounting Policies and Explanatory Notes | p. 8-86 |
| Auditor's Report                          | p. 1-7  |

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

## **FORM OF THE NOTES**

Each Tranche of Notes will be issued in dematerialised form. The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer form. No certificates representing the Notes will be issued.

## FORM OF FINAL TERMS

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET –** Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.]

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, “MiFID II”)] [MiFID II] or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO CONSUMERS IN BELGIUM –** The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to “consumers” (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit économique*), as amended.

Final Terms dated [●]

**PROXIMUS, SA DE DROIT PUBLIC**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the EUR 3,500,000,000

**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 prospectus dated 20 March 2019 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (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 the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Base Prospectus has been published on the website of the Issuer ([www.proximus.com](http://www.proximus.com)) and on the website of the FSMA ([www.fsma.be](http://www.fsma.be)).

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

- 1 (a) Series Number: [     ]  
 (b) Tranche Number: [     ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*  
 (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date][*insert other date*]][Not Applicable]
- 2 Specified Currency or Currencies: [     ]
- 3 Aggregate Nominal Amount:  
 (a) Series: [     ]  
 (b) Tranche: [     ]
- 4 Issue Price: [     ] per cent. of the Aggregate Nominal Amount  
*[plus accrued interest from [insert date] (if applicable)]*
- 5 (a) Specified Denominations: [     ]  
*(N.B. Notes must have a minimum denomination of EUR 100,000 (or its equivalent in other currencies))*  
*(Note – where multiple denominations above EUR 100,000 or equivalent are being used the following sample wording should be followed:*  
*“EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000”)*  
 (b) Calculation Amount: [     ]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)*
- 6 (a) Issue Date: [     ]  
 (b) Interest Commencement Date: [*specify*]/Issue Date/Not Applicable]  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)*
- 7 Maturity Date: [*Fixed rate – specify date/*  
*Floating rate – Interest Payment Date falling in or nearest to [specify month]*]

- 8 Interest Basis: ☐ per cent. Fixed Rate]  
☐ month [LIBOR/EURIBOR] +/- ☐ per cent. Floating Rate]  
☐ Zero Coupon]  
*(further particulars specified below)*
- 9 Redemption[/Payment] Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at ☐ per cent. of their nominal amount
- 10 Change of Interest Basis: *[Specify the date when any Fixed to Floating change occurs or cross-refer paragraphs 13 and 14 below if details are included there]* ☐ [Not Applicable]
- 11 Put/Call Options: ☐ Investor Put]  
☐ Issuer Call]  
☐ Clean-Up Call]  
☐ Make-Whole Redemption by the Issuer]  
☐ (further particulars specified below)]
- 12 ☐ [Date ☐ Board] approval for issuance of Notes obtained]: ☐
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13 Fixed Rate Note Provisions ☐ Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate(s) of Interest: ☐ per cent. *per annum* payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): ☐ in each year up to and including the Maturity Date  
*(Amend appropriately in the case of irregular coupons)*
- (c) Day Count Fraction<sup>(1)</sup>: ☐ Actual/Actual (ICMA)] ☐ 30/360] ☐ Actual/360]
- (d) Determination Date(s): ☐ in each year] ☐ [Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

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<sup>1</sup> The applicable Day Count Fraction must comply with the rules from time to time of the Securities Settlement System.



- (e) Ratings Step-up/Step-down: [Applicable/Not Applicable]
- (f) Step Up Margin: [[ ] per cent. *per annum*/Not Applicable]
- 14 Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (b) Business Day Convention<sup>(2)</sup>: [Following Business Day Convention] [Floating Rate Convention]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Domiciliary Agent): [ ]
- (f) Screen Rate Determination:
- (i) Reference Rate and Relevant Financial Centre: Reference Rate: [ ] month [LIBOR/EURIBOR]
- Relevant Financial Centre: [London Brussels]
- (ii) Interest Determination Date(s): [ ]
- (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- (iii) Relevant Screen Page: [ ]
- (In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate)*
- (g) ISDA Determination:
- (i) Floating Rate Option: [ ]
- (ii) Designated Maturity: [ ]
- (iii) Reset Date: [ ]
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (h) 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*)]

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<sup>2</sup> The applicable Business Day Convention must comply with the rules from time to time of the Securities Settlement System.

- (i) Margin(s): [ +/– ] [ ] per cent. *per annum*
- (i) Minimum Rate of Interest: [ ] per cent. *per annum*
- (ii) Maximum Rate of Interest: [ ] per cent. *per annum*
- (iii) Day Count Fraction<sup>(3)</sup>: [Actual/Actual (ISDA)] [Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
[30E/360 (ISDA)]  
(See Condition 4 for alternatives)
- (j) Ratings Step-up/Step-down [Applicable/Not Applicable]
- (k) Step Up Margin: [ [ ] per cent. *per annum*/Not Applicable]

## 15 Zero Coupon Note Provisions

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Accrual Yield: [ ] per cent. *per annum*
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

## PROVISIONS RELATING TO REDEMPTION

### 16 Notice periods for Condition 6.2:

Minimum period: [ ] days

Maximum period: [ ] days

### 17 Issuer Call (pursuant to Condition 6.3):

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount of each Note: [ [ ] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ] [Not Applicable]
- (ii) Maximum Redemption Amount: [ ] [Not Applicable]
- (d) Notice periods:
- Minimum period: [ ] days
- Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution)*

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<sup>3</sup> The applicable Day Count Fraction must comply with the rules from time to time of the Securities Settlement System.

- of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply)*
- 18 Clean-Up Call (pursuant to Condition 6.4):** [Applicable/Not Applicable]  
 Call Redemption Amount: [[ ] per Calculation Amount/specify other]
- 19 Make-Whole Redemption by the Issuer (pursuant to Condition 6.5):** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Make-Whole Redemption Margin: [[ ] basis points / Not Applicable]  
 (b) Reference Bond: [CA Selected Bond/[ ]]  
 [CA Selected Bond: Belgian *obligations linéaires* – *linéaire obligaties (OLOs)*/ CA Selected Bond: German *Bundesobligationen*/CA Selected Bond:[ ]/[specify non-CA Selected Bond]]  
 (c) Quotation Time: [[5.00 p.m. [Brussels/London/[ ]]] time/Not Applicable]  
 (d) Reference Rate Determination Date: The [ ] Business Day preceding the relevant Make-Whole Redemption Date  
 (e) If redeemable in part:  
 (i) Minimum Redemption Amount: [ ] [Not Applicable]  
 (ii) Maximum Redemption Amount: [ ] [Not Applicable]
- 20 Investor Put:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]  
 (b) Optional Redemption Amount: [ ] per Calculation Amount  
*(NB: If the Optional Redemption Amount is other than a specified amount per Calculation Amount, the Notes will need to be Notes for which no prospectus is required under the Prospectus Directive)*  
 (c) Notice periods: Minimum period: [ ] days  
 Maximum period: [ ] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements)*

*which may apply)*

- 21 Final Redemption Amount:** [ ] per Calculation Amount
- 22 Early Redemption Amount payable on redemption for taxation reasons or on an event of default:** [ ] per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 23 Additional Financial Centre(s):** [Not Applicable/*give details*]  
*(Note that this item relates to the place of payment and not Interest Period end dates to which item 14(c) relates)*

**[THIRD PARTY INFORMATION]**

[ ] has been extracted from [ ]. The Issuer 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 [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

*Duly authorised*

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Application, Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading and listing on the regulated market of Euronext Brussels with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading and listing on the [regulated market of Euronext Brussels][specify relevant regulated market] with effect from [ ].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2 RATINGS

- Ratings: [The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
- [insert details]
- [Each of [the rating agencies] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation).] [As such, each of [the rating agencies] is included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. Tranches of Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above.]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

- [Save for any fees payable to the [Managers/Dealers],][Not applicable;] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]
- (When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

#### 4 USE OF PROCEEDS, REASONS FOR THE OFFER

- [(i)] Use of proceeds, reasons for the offer: [general corporate purposes/ (if there is any particular identified use of proceeds, specify this here)]
- [in case proceeds are to be allocated to the Green Project Portfolio with the special purpose to finance, refinance and/or invest in projects in the field of renewable energy, energy efficiency, sustainable waste management, sustainable land use, biodiversity conservation, clean transportation, clean water and/or drinking water or any other project falling within the ICMA Green Bond Principles, specify these criteria herein]
- [(ii)] Estimated net proceeds: [ ]
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

#### 5 YIELD (Fixed Rate Notes Only)

- Indication of yield: [Not Applicable]
- [ ] per cent. *per annum*

#### 6 OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) CFI: [[ ]/Not Applicable]
- (iv) FISN: [[ ]/Not Applicable]
- (v) Names and addresses of additional paying agent(s) (if any): [ ]
- (vi) Deemed delivery of clearing system notices for the purposes of Condition 11: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to the Securities Settlement System.
- (vii) [Relevant Benchmark[s]: [Not Applicable]/[The Euro Interbank Offered Rate (“EURIBOR”) is provided by the European Money Markets Institute (“EMMI”). As at the date hereof, EMMI [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation.]/[The London Interbank Offered Rate (“LIBOR”) is provided by the ICE Benchmark Administration Limited (“ICE”). As at the date hereof, ICE appears in the register of administrators and benchmarks established and maintained by

ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation.]

**7 DISTRIBUTION**

- |   |                                      |
|---|--------------------------------------|
| (i) Method of distribution:                     | [Syndicated/Non-syndicated]          |
| (ii) If syndicated, names of Managers:          | [Not Applicable/ <i>give names</i> ] |
| (iii) Date of [Subscription] Agreement:         | [            ]                       |
| (iv) Stabilising Manager(s) (if any):           | [Not Applicable/ <i>give name</i> ]  |
| (v) If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>give name</i> ]  |

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes (the **Conditions**) which will be incorporated by reference into each Note issued by Proximus, SA de droit public in dematerialised form. The applicable Final Terms (or the relevant provisions thereof) will be incorporated by reference into each Note. Reference should be made to “Applicable Final Terms” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Proximus, SA de droit public (a company having made a public call on savings) (the **Issuer**) pursuant to the Domiciliary Agency Agreement (as defined below).

References herein to the Notes shall be references to the Notes of this Series and shall mean any Note in dematerialised form.

The Notes have the benefit of a Domiciliary and Belgian Paying Agency Agreement (as amended, supplemented or restated from time to time, the **Domiciliary Agency Agreement**) dated 20 March 2019 and made among the Issuer and BNP Paribas Securities Services SCA, Brussels Branch as domiciliary agent (the **Domiciliary Agent**, which expression shall include any successor domiciliary agent specified in the applicable Final Terms) and as Belgian paying agent.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms incorporated by reference into this Note and complete these Terms and Conditions (the **Conditions**) and, in the case of a Note which is neither admitted to trading on a regulated market in 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, may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) incorporated by reference into this Note.

The expression **Prospectus Directive** means Directive 2003/71/EC, as amended or superseded.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The holders of interests in Notes issued in dematerialised form and represented by book entries in the records of the Securities Settlement System and credited to their accounts with a participant, subparticipant or the operator of the Securities Settlement System will be entitled to proceed directly against the Issuer in case of an Event of Default of the Issuer based on statements of accounts provided by the participant, subparticipant or the operator of the Securities Settlement System.

Copies of the Domiciliary Agency Agreement are available for inspection during normal business hours at the specified office of the Domiciliary Agent. If the Notes are to be admitted to trading on the regulated market of Euronext Brussels, the applicable Final Terms will be published on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)). If this Note is neither admitted to trading on a regulated market in 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, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the



Domiciliary Agent as to its holding of such Notes and identity. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Domiciliary Agency Agreement and the applicable Final Terms which is applicable to them.

Words and expressions defined in the Domiciliary Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Domiciliary Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **1 FORM, DENOMINATION AND TITLE**

The Notes are in dematerialised book-entry form in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. The Specified Denomination for each Tranche of Notes will be specified in the applicable Final Terms. The minimum Specified Denomination of Notes shall be EUR 100,000 (or its equivalent in other currencies). The Notes have no maximum Specified Denomination. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Noteholders will not be entitled to exchange Notes into bearer Notes.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Interests in the Notes will be represented by entries in securities accounts maintained with the Securities Settlement System itself or participants or sub-participants in such system approved by the Belgian Minister of Finance. Such participants include Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking Frankfurt (**Clearstream**). The Securities Settlement System maintains securities accounts in the name of authorised participants only. 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.

The operator of the Securities Settlement System will credit the securities account of the Domiciliary Agent with the aggregate nominal amount of Notes. Such Domiciliary Agent will credit each subscriber which is a participant in the Securities Settlement System and each other subscriber which has a securities account with such Domiciliary Agent, with a nominal amount of Notes equal to the nominal amount of Notes to which such participant or such securities account holders have subscribed and paid for (both acting on their own behalf or as agent for other subscribers). Any participant in respect of its sub-participants and its account holders and any sub-participant in respect of its account holders will, upon such Notes being credited as aforesaid, credit the securities accounts of such account holder or sub-participant, as the case may be. Each person who is for the time being shown in the records of a participant, a sub-participant or the operator of the Securities Settlement System as the holder of a particular nominal amount of such Notes (in which regard any certificate or other documents issued by a participant, sub-participant or the operator of Securities Settlement System as to the nominal amount of such Notes standing to the account of such person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer and the Domiciliary Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, which shall be paid through the Domiciliary Agent and the Securities Settlement System in accordance with the rules of the Securities Settlement System and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. Notes will be

transferable only in accordance with the rules and procedures for the time being of the Securities Settlement System.

References to the Securities Settlement System shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Domiciliary Agent.

## 2 STATUS OF THE NOTES

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

## 3 NEGATIVE PLEDGE

So long as any of the Notes remains outstanding, the Issuer shall not create or permit to exist any Security Interest upon the whole or any part of its present or future undertakings and assets to secure any indebtedness now or hereafter represented by, or in the form of, bonds, notes, debentures, commercial paper or other securities unless the benefit of such Security Interest shall be extended forthwith equally and rateably to the Notes and all amounts payable in respect thereof. For these purposes, **Security Interest** means a mortgage, lien, pledge or other security interest.

The foregoing restriction does not apply to:

- (a) Security Interests in existence at 1 September 2008; or
- (b) Security Interests arising by operation of law and/or created as a result of the Issuer being required to do so by a taxing authority which has jurisdiction over the Issuer; or
- (c) suppliers', builders', mechanics', warehousemen's, carriers' and similar liens and any Security Interests created by general conditions of business or standard customer agreements of bankers and brokers of the Issuer; or
- (d) purchase money Security Interests resulting from purchases with payment terms or leases in the ordinary course of business; or
- (e) Security Interests attached to property prior to the acquisition of such property by the Issuer; or
- (f) collateralisation payments under a 1992, 2002 or 2008 ISDA Master Agreement, as published by the International Swaps and Derivatives Association, Inc.; or
- (g) Security Interests created by the Issuer for obligations not exceeding in the aggregate 10 per cent. of the consolidated total assets of the Issuer and its subsidiaries taken as a whole as shown in the latest audited consolidated balance sheet of the Issuer and its subsidiaries; or
- (h) Security Interests constituting an extension, renewal or replacement (or any successive extension, renewal or replacements) in whole or in part, of any security permitted under the foregoing clauses (a) to (g) inclusive, or of any indebtedness secured thereby; provided that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement for reasons other than currency fluctuations.

## 4 INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.

### 4.1 Interest on Fixed Rate Notes

This Condition 4.1 applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

As used in the Conditions **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (c) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period (as defined in Condition 4.2(a)) divided by 360.

In the Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including where either the Interest Commencement Date or the Final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

## 4.2 Interest on Floating Rate Notes

This Condition 4.2 applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4.2 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Domiciliary Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

### (a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year (each an **Interest Payment Date**) specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should

occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day.

In this Condition, **Business Day** means a day which is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London or Brussels and each Additional Business Centre specified in the applicable Final Terms;
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system (the **TARGET2 System**) is open; and
- (c) a day on which the Securities Settlement System is operating.

**(b) Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

*(i) 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 Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Domiciliary Agent under an interest rate swap transaction if the Domiciliary Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. as amended and updated as at the Issue Date of the first Tranche of Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;

- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

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

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

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

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 Period will, subject as provided in this Condition 4.2, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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 (or such replacement page on that service which displays the information) as at 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Domiciliary 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 Domiciliary Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 4.2(b)(ii)(A), no offered quotation appears or, in the case of Condition 4.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall request, or shall procure a third party to request, each of the Reference Banks to provide the Domiciliary Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Domiciliary Agent (upon the request of the Issuer or a third party on the Issuer's behalf) with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Domiciliary Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Domiciliary Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Domiciliary Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Domiciliary Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified 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 the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Domiciliary Agent with 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 (rounded as provided above) 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, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Domiciliary Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), 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 is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of this sub-paragraph (ii), **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, 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 Issuer or any third party appointed by the Issuer and in the case of a determination of a Reference Rate that is not LIBOR or EURIBOR, the principal office of four major banks in the inter-bank market of the Relevant Financial Centre and **Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR or Relevant Financial Centre time in the case of a determination of any other Reference Rate).

**(c) *Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(d) *Determination of Rate of Interest and Calculation of Interest Amounts***

The Domiciliary Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, and provided that, if applicable, it has been enabled to perform any

calculations required under these Conditions through the information to be provided by the Issuer or any third party appointed by the Issuer, determine the Rate of Interest for the relevant Interest Period.

The Domiciliary Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes and, in each case, multiplying such sum by the applicable Day Count Fraction. The Interest Amount shall be calculated in accordance with the rules of the Securities Settlement System.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;



- (v) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest 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 Interest 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.

**(e) *Linear Interpolation***

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

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

**(f) *Notification of Rate of Interest and Interest Amounts***

The Domiciliary Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 11 as soon as possible after their determination but in no event later than (a) the fourth London Business Day thereafter or (b) the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 11. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**(g) *Certificates to be Final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, by the Domiciliary Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Domiciliary Agent and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders shall attach to the Domiciliary Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(h) *Benchmark discontinuation***

**(i) *Independent Adviser***

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.2(h)(ii)) and, in

either case, an Adjustment Spread (if any) (in accordance with Condition 4.2(h)(iii)) and any Benchmark Amendments (in accordance with Condition 4.2(h)(iv)).

An Independent Adviser appointed pursuant to this Condition 4.2(h) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Domiciliary Agent or the Noteholders for any determination made by it pursuant to this Condition 4.2(h).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.2(h) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 4.2(h)(i) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.2(h)(i).

*(ii) Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (a) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.2(h)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.2(h)); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.2(h)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.2(h)).

*(iii) Adjustment Spread*

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

*(iv) Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.2(h) and the Independent Adviser determines (i) that

amendments to these Conditions and/or the Domiciliary Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.2(h)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Domiciliary Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Domiciliary Agent of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 4.2(h)(v), the Domiciliary Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of an agreement supplemental to or amending the Domiciliary Agency Agreement), provided that the Domiciliary Agent shall not be obliged so to concur if in the opinion of the Domiciliary Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Domiciliary Agent in these Conditions and/or the Domiciliary Agency Agreement (including, for the avoidance of doubt, any supplemental domiciliary agency agreement) in any way.

In connection with any such variation in accordance with this Condition 4.2(h)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.2(h) will be notified promptly by the Issuer to the Domiciliary Agent and, in accordance with Condition 11, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Domiciliary Agent of the same, the Issuer shall deliver to the Domiciliary Agent a certificate signed by two authorised signatories of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.2(h); and
- (b) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Domiciliary Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate, the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate, the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Domiciliary Agent's ability to rely on

such certificate as aforesaid) be binding on the Issuer, the Domiciliary Agent and the Noteholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 4.2(h)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 4.2(b)(ii) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

As used in this Condition 4.2(h):

**Adjustment Spread** means either a spread (which may be positive or negative) or the formula or methodology for calculating a spread, in either case which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Independent Adviser determines that no such industry standard is recognised or acknowledged)
- (iii) the Independent Adviser determines to be appropriate.

**Alternative Rate** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.2(h)(ii) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

**Benchmark Amendments** has the meaning given to it in Condition 4.2(h)(iv).

**Benchmark Event** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes, in each case within the following six months; or
- (v) it has become unlawful for the Domiciliary Agent, the Issuer or any other party appointed by the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.2(h)(i).

**Original Reference Rate** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

#### 4.3 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable has been received by the Domiciliary Agent and notice to that effect has been given in accordance with Condition 11.

#### 4.4 Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes

If Ratings Step-up/Step-down is specified as being applicable in the applicable Final Terms, the following terms relating to the Rate of Interest for the Notes shall apply:

- (a) The Rate of Interest payable on the Notes will be subject to adjustment from time to time if a Rating Agency downgrades the rating ascribed to the senior unsecured debt of the Issuer below the Applicable Level. In this event, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) will be increased by the Step Up Margin for each Rating Notch (defined below) below the Applicable Level based on the lowest rating assigned by any Rating Agency. In addition, if any Rating Agency subsequently increases the rating ascribed to the senior unsecured debt of the Issuer, then the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes will be decreased by the Step Up Margin for each Rating Notch upgrade based on the lowest rating assigned by any Rating Agency, but in no event will the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) be reduced to below the initial Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) that applied at the Issue Date of the Notes.

In this Condition:

**Applicable Level** means Baa3 (in the case of Moody's), BBB- (in the case of S&P) or equivalent (in the case of a Substitute Rating Agency).

**Moody's** means Moody's Investors Service España, S.A. or any other entity that is part of the group to which Moody's Investors Service Inc. belongs or any successor of such entity.

**Rating Agency** means either Moody's, S&P or any other internationally recognised rating agency appointed by the Issuer from time to time (a **Substitute Rating Agency**).

**S&P** means Standard & Poor's Credit Market Services France SAS or any other entity that is part of the group to which Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. belongs or any successor of such entity.

- (b) Any Rate of Interest or Margin increase or decrease will take effect from the Interest Payment Date following the related rating downgrade or upgrade, as the case may be. For the avoidance of doubt if the total number of Rating Notch downgrades and total number of Rating Notch upgrades within an Interest Period are equal then there will not be any adjustment to the Rate of Interest for that Interest Period. For the avoidance of doubt the placing of a rating on "Creditwatch" or a similar watch list for review for a rating downgrade or upgrade shall not constitute a Rating Notch.

In this Condition:

**Rating Notch** means the difference between a particular rating assigned by a Rating Agency and its next higher or lower rating, provided that, in circumstances where a rating is assigned by more than one Rating Agency, an increase or, as the case may be, decrease of the rating to respectively the next higher or lower rating by two or more Rating Agencies during the same Interest Period shall constitute one rating notch only.

- (c) For as long as any of the Notes are outstanding, the Issuer shall ensure the existence of a rating ascribed to its senior unsecured debt from at least one Rating Agency.

- (d) If the rating designations employed by any of Moody's or S&P are changed from those which are described in this Condition 4.4, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this Condition 4.4 shall be read accordingly.
- (e) There is no limit to the number of times the Rate of Interest payable on the Notes can be adjusted prior to their maturity.
- (f) In the event the Rate of Interest payable on the Notes is adjusted pursuant to any of the above paragraphs, the Issuer shall promptly notify the Noteholders, the Domiciliary Agent, the National Bank of Belgium as operator of the Securities Settlement System and Euronext Brussels of the new Rate of Interest payable on the Notes in accordance with Condition 11.
- (g) Each of Moody's and S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

## 5 PAYMENTS

### 5.1 Method of Payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments 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 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) any law implementing an intergovernmental approach thereto. References in these Conditions to Specified Currency will include any successor currency under applicable law.

### 5.2 Payments

Without prejudice to the Belgian Companies Code, payments of principal and interest in respect of the Notes shall be made through the Domiciliary Agent and the Securities Settlement System in accordance with the Domiciliary Agency Agreement and the rules of the Securities Settlement System.



### **5.3 General provisions applicable to payments**

The Domiciliary Agent shall be the only person entitled to receive payments in respect of Notes and the Issuer will be discharged by payment to, or to the order of, the Domiciliary Agent in respect of each amount so paid. Each of the persons shown in the records of a participant, a sub-participant or the operator of the Securities Settlement System as the beneficial holder of a particular nominal amount of Notes must look solely to a participant, a sub-participant or the operator of the Securities Settlement System, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a paying agent in the United States if:

- (a) the Issuer has appointed paying agents with specified offices outside the United States with the reasonable expectation that such paying agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### **5.4 Payment Day**

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) London or Brussels;
  - (ii) each Additional Financial Centre specified in the applicable Final Terms;
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (c) a day on which the Securities Settlement System is operating.

### **5.5 Interpretation of Principal and Interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Call Redemption Amount(s) (if any) of the Notes;
- (f) the Make-Whole Redemption Amount(s) (if any) of the Notes;
- (g) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.7); and
- (h) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

## **6 REDEMPTION AND PURCHASE**

### **6.1 At Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **6.2 Redemption for Tax Reasons**

Subject to Condition 6.7, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Domiciliary Agent and, in accordance with Condition 11, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) 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.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Domiciliary Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) 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.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.7 below together (if appropriate) with interest accrued to (but excluding) the date of early redemption.

### **6.3 Redemption at the Option of the Issuer (Issuer Call (other than Clean-Up Call and Make-Whole Redemption by the Issuer))**

This Condition 6.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than under Condition 6.2, Condition 6.4 or Condition 6.5), such option being referred to as an **Issuer Call**. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum principal amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms the Issuer may, subject to compliance with all relevant laws and regulations, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes in whole or in part on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together with, if appropriate, interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the redemption may be effected by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed.

### **6.4 Redemption at the option of the Issuer (Clean-Up Call)**

This Condition 6.4 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than under Condition 6.2, Condition 6.3 or Condition 6.5), such option being referred to as **Clean-Up Call**.

If Clean-Up Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject to compliance with all relevant laws and regulations, if at any time less than 20 per cent. of the aggregate nominal amount of the Notes remain outstanding and having given not less than 15 nor more than 30 days of notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Clean-Up Call Date**)), redeem all (but not some only) of the Notes on the Clean-Up Call Date at the Call Redemption Amount.

**Call Redemption Amount** has the meaning given to it in the applicable Final Terms.

### **6.5 Redemption at the option of the Issuer (Make-Whole Redemption by the Issuer)**

This Condition 6.5 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than under Condition 6.2, Condition 6.3 or Condition 6.4), such option being referred to as **Make-Whole Redemption by the Issuer**.

If Make-Whole Redemption by the Issuer is specified as being applicable in the applicable Final Terms, the Issuer may, subject to compliance with all relevant laws and regulations, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-Whole Redemption Date**)), redeem the Notes in whole or in part on any Make-Whole Redemption Date at the Make-Whole Redemption Amount(s) together with, if appropriate, interest accrued to (but excluding) the relevant Make-Whole Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the redemption may be effected by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed.

In this Condition:

**Make-Whole Redemption Amount** means the higher of:

- (i) the outstanding nominal amount of the relevant Note; and
- (ii) the sum, as determined by the Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the relevant make-Whole Redemption Date on an annual basis (assuming a 360-year consisting of twelve 30-day months) at the Reference Rate plus the Make-Whole Redemption Margin (if any) specified in the applicable Final Terms.

**CA Selected Bond** means a government security or securities (which, if the Specified Currency is euro, will be Belgian *obligations linéaires – lineaire obligaties (OLOs)* or German *Bundesobligationen* traded in the secondary markets, as specified in the relevant Final Terms) selected by the Calculation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

**Calculation Agent** means a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the relevant Make-Whole Redemption Amount, and notified to the Noteholders in accordance with Condition 11.

**Reference Bond** means (A) if CA Selected Bond is specified in the applicable Final Terms, the relevant CA Selected Bond or (B) if CA Selected Bond is not specified in the applicable Final Terms, the security specified in the applicable Final Terms, provided in each case that if the Calculation Agent advises the Issuer that, at the time at which the relevant Make-Whole Redemption Amount is to be determined, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, such other central bank or government security as the Calculation Agent may, after consultation with the Issuer and with the advice of Reference Market Makers, determine to be appropriate.

**Reference Bond Price** means (i) the average of five Reference Market Maker Quotations for the relevant Make-Whole Redemption Date, after excluding the highest and lowest of such five Reference Market Maker Quotations (or, if there are two highest and/or two lowest quotations, excluding just one of such highest quotations and/or one of such lowest quotations, as the case may be), (ii) if the Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker

Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained.

**Reference Market Maker Quotations** means, with respect to each Reference Market Maker and any Make-Whole Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) quoted in writing to the Calculation Agent at the Quotation Time specified in the applicable Final Terms on the Reference Rate Determination Date specified in the applicable Final Terms.

**Reference Market Makers** means five brokers or market makers of securities such as the Reference Bond selected by the Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Calculation Agent in consultation with the Issuer.

**Reference Rate** means, with respect to any Make-Whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Make-Whole Redemption Date. The Reference Rate will be calculated on the Reference Rate Determination Date specified in the applicable Final Terms.

## **6.6 Redemption at the Option of the Noteholders (Investor Put)**

This Condition 6.6 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an **Investor Put**. The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 6.6 for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 11 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together with, if appropriate, interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of the Domiciliary Agent at any time during normal business hours of the Domiciliary Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Domiciliary Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition.

Any Put Notice or other notice given in accordance with the standard procedures of the Securities Settlement System given by a holder of any Note pursuant to this Condition 6.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

## 6.7 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## 6.8 Purchases

The Issuer or any Subsidiary (as defined below) may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary, surrendered to the Domiciliary Agent for cancellation.

**Subsidiary** means any company of which Proximus has control and **control** for the purpose hereof means either (a) the beneficial ownership, whether direct or indirect, of the majority of the issued share capital of such company, or (b) the right to direct the management and policies, whether by the ownership of share capital, contract or otherwise of such company.

## 6.9 Cancellation

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.8 above cannot be reissued or resold.

## 6.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, Condition 6.2, Condition 6.3 or Condition 6.6 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Domiciliary Agent and notice to that effect has been given to the Noteholders in accordance with Condition 11.

## 7 TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction unless, in any such case, such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

- (a) the holder (or a third party on behalf of the holder) of which is liable for such Taxes in respect of such Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note;
- (b) presented for payment, if applicable, more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.4);
- (c) held by, or by a third party on behalf of, a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority (provided that the exemption from Belgian withholding tax under the law of 6 August 1993 relating to certain securities is unavailable for reasons outside the Issuer's control); or
- (d) held by or on behalf of a holder who, at any relevant time on or after the issue of the Notes, was not an Eligible Investor (as defined below) or by or on behalf of a holder who was such an Eligible Investor at any relevant time on or after the issue of the Notes but, for reasons within such holder's control, ceased to be an Eligible Investor or otherwise failed to meet any other condition for exemption from Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities.

As used herein:

- (i) **Tax Jurisdiction** means Belgium and the jurisdiction in which the Domiciliary Agent acts or any political subdivision or any authority thereof or therein having power to tax;

- (ii) **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Domiciliary Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11; and
- (iii) **Eligible Investor** means those entities which are referred to in Article 4 of the Royal Decree dated 26 May 1994 on the deduction of withholding tax and which hold the Notes in an exempt account in the Securities Settlement System.

## 8 PRESCRIPTION

The Notes will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

## 9 EVENTS OF DEFAULT

If any one or more of the following events (each an **Event of Default**) shall occur:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 5 days in the case of principal and 10 days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions and the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) if any Indebtedness for Borrowed Money of the Issuer becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period or any security given by the Issuer for any Indebtedness for Borrowed Money becomes enforceable or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no such event shall constitute an Event of Default unless the relative Indebtedness for Borrowed Money either alone or when aggregated with other Indebtedness for Borrowed Money relative to all (if any) other such events which shall have occurred and remain outstanding shall amount to at least U.S.\$30,000,000 (or its equivalent in any other currency) and provided further that, for the purposes of this Condition 9(c), the Issuer shall not be deemed to be in default with respect to such indebtedness, guarantee or indemnity if either (A) it shall be contesting in good faith by appropriate means its liability to make payment thereunder and has been advised by independent legal advisers of recognised standing that it is reasonable for it to do so or (B) the default is solely as a result of the Belgian state ceasing to own more than 50 per cent. of the issued share capital of the Issuer; or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution (as defined in the Domiciliary Agency Agreement) of the Noteholders; or
- (e) if (A) the Issuer ceases or threatens to cease to carry on the whole or substantial part of its business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or (B) the Issuer applies for a deferral of payments (*uitstel van betaling/sursis de paiement*), judicial



reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*), bankruptcy (*faillissement/faillite*); or (C) any similar procedure as described in (A) or (B) above inclusive shall be initiated in respect of the Issuer; or

- (f) if (A) proceedings are initiated against the Issuer or under any applicable liquidation (*vereffening/liquidation*), insolvency (*insolventie/insolvabilité*), reorganisation (*reorganisatie/réorganisation*) or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of the Issuer or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of the Issuer and (B) in any case (other than the appointment of an administrator) is not discharged within 30 days; or if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally,

then any Noteholder may while any such Event of Default is continuing, by written notice to the Issuer at the specified office of the Domiciliary Agent, effective upon the date of receipt thereof by the Domiciliary Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 6.6), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of this Condition, **Indebtedness for Borrowed Money** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

## 10 DOMICILIARY AGENT

The name of the Domiciliary Agent and its initial specified office is set out below. If any additional paying agents are appointed in connection with any Series, the names of such paying agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of the Domiciliary Agent and/or approve any change in the specified office through which the Domiciliary Agent acts, provided that at all times there will be a Domiciliary Agent and the Domiciliary Agent will at all times be a participant in the Securities Settlement System.

In acting under the Domiciliary Agency Agreement, such agent acts solely as the agent of the Issuer and does not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Domiciliary Agency Agreement contains provisions permitting any entity into which any agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent. Notice of any variation, termination, appointment or change in the Domiciliary Agent will be given to the Noteholders promptly by the Issuer in accordance with Condition 11.

## 11 NOTICES

### 11.1 Notices to the Noteholders

Notices to the Noteholders shall be valid if (i) published on the website of the Issuer, (ii) published through the usual newswires agency (or any of the usual newswires agencies) used by the Issuer to discharge its ongoing information duties pursuant to the Royal Decree of 14 November 2007 and (iii) delivered to the National Bank of Belgium for communication to the Noteholders via participants in the Securities Settlement System. The Issuer shall also ensure that all notices are duly published in a manner which complies with applicable law and the rules and regulations of any stock exchange on which the Notes are listed for the time being. Any notice shall be deemed to have been given on the date of the first publication.

### 11.2 Notices by the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Domiciliary Agent.

## 12 MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

### 12.1 Meetings of Noteholders

- (a) Subject to paragraph (b) below, Schedule 1 (*Provisions on meetings of Noteholders*) of these Conditions contains provisions for convening meetings of Noteholders (the **Noteholders' Provisions**) to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions applicable to a Series. For the avoidance of doubt, any such modification shall always be subject to the consent of the Issuer. An Extraordinary Resolution means a resolution passed at a meeting of Noteholders of a Series duly convened and held in accordance with these Conditions by a majority of at least 75 per cent. of the votes cast of the Noteholders of the relevant Series (or relevant majority on any adjourned meeting).

All meetings of holders of a Series of Notes will be held in accordance with the Noteholders' Provisions. Such a meeting may be convened by the board of directors of the Issuer or its auditors and shall be convened by the Issuer upon the request in writing of Noteholders of a Series holding not less than one fifth of the aggregate nominal amount of the outstanding Notes of that Series. A meeting of Noteholders will be entitled (subject to the consent of the Issuer) to modify or waive any provision of the Conditions applicable to that Series (including any proposal (i) to modify the maturity of that Series or the dates on which interest is payable in respect of that Series, (ii) to reduce or cancel the nominal amount of, or interest on, that Series, (iii) to change the currency of payment of that Series or (iv) to modify the provisions concerning the quorum required) in accordance with the quorum and majority requirements set out in the Noteholders' Provisions.

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

Convening notices for meetings of Noteholders of a Series shall be made in accordance with the Noteholders' Provisions. Convening notices shall also be made in accordance with Condition 11 (*Notices*).

The Noteholders' Provisions provide that, if authorised by the Issuer and to the extent permitted by Belgian law, a resolution in writing signed by or on behalf of holders of Notes of a Series of not less

than 75 per cent. of the aggregate nominal amount of the Notes of that Series (or relevant majorities as specified in the Noteholders' Provisions) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Notes of that Series duly convened and held, provided that the terms of the proposed resolution shall have been notified in advance to the Noteholders of that Series through the relevant settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of Notes of that Series.

- (b) For so long as the relevant provisions relating to meetings of bondholders of the Belgian companies code of 7 May 1999, as is in effect on the date of the Base Prospectus (the **Existing Code**), cannot be derogated from, where any provision of the Noteholders' Provisions would conflict with the relevant provisions of the Existing Code, the provisions of the Existing Code will apply.

## **12.2 Modification and Waiver**

Without prejudice to Condition 4.2(h), the Domiciliary Agent and the Issuer may agree, without the consent of the Noteholders to:

- (i) any modification of the Domiciliary Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification (except as mentioned herein) of the Notes or the Domiciliary Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 11 as soon as practicable thereafter.

## **13 FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **14 GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **14.1 Governing law**

The Domiciliary Agency Agreement, the Programme Agreement and the Notes, and any non-contractual obligations arising out of or in connection with the Domiciliary Agency Agreement, the Programme Agreement or the Notes, are governed by, and shall be construed in accordance with, Belgian law.

### **14.2 Submission to jurisdiction**

- (a) Subject to Condition 14.2(c) below, the courts of Brussels, Belgium have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a **Dispute**) and accordingly each of the Issuer and any Noteholders,

in relation to any Dispute submits to the exclusive jurisdiction of the courts of Brussels, Belgium.

- (b) For the purposes of this Condition 14.2, the Issuer waives any objection to the courts of Brussels, Belgium on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

## SCHEDULE 1

### PROVISIONS ON MEETINGS OF NOTEHOLDERS

#### Interpretation

1. In this Schedule:
  - 1.1 references to a “**meeting**” are to a meeting of Noteholders of a single Series of Notes and include, unless the context otherwise requires, any adjournment;
  - 1.2 references to “**Notes**” and “**Noteholders**” are only to the Notes of the Series and in respect of which a meeting has been, or is to be, called and to the holders of those Notes, respectively;
  - 1.3 “**agent**” means a holder of a Voting Certificate or a proxy for, or representative of, a Noteholder;
  - 1.4 “**Block Voting Instruction**” means a document issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 9;
  - 1.5 “**Electronic Consent**” has the meaning set out in paragraph 31;
  - 1.6 “**Extraordinary Resolution**” means a resolution passed (a) at a meeting of Noteholders duly convened and held in accordance with this Schedule 1 (*Provisions on meetings of Noteholders*) by a majority of at least 75 per cent. of the votes cast or (b) by a Written Resolution or (c) by an Electronic Consent;
  - 1.7 “**Ordinary Resolution**” means a resolution with regard to any of the matters listed in paragraph 4 and passed or proposed to be passed by a majority of at least 50 per cent. of the votes cast;
  - 1.8 “**Recognised Accountholder**” means an entity recognised as account holder in accordance with the Belgian companies code of 7 May 1999 (as amended) with whom a Noteholder holds Notes;
  - 1.9 “**Securities Settlement System**” means the securities settlement system operated by the NBB or any successor thereto;
  - 1.10 “**Voting Certificate**” means a certificate issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 8;
  - 1.11 “**Written Resolution**” means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Notes outstanding; and
  - 1.12 references to persons representing a proportion of the Notes are to Noteholders, proxies or representatives of such Noteholders holding or representing in the aggregate at least that proportion in nominal amount of the Notes for the time being outstanding.

#### General

2. All meetings of Noteholders will be held in accordance with the provisions set out in this Schedule.
  - 2.1 For so long as the relevant provisions relating to meetings of bondholders of the Belgian companies code of 7 May 1999, as is in effect on the date of the Base Prospectus (the **Existing Code**), cannot be derogated from, where any provision of this Schedule would conflict with the relevant provisions of the Existing Code, the mandatory provisions of the Existing Code will apply.

- 2.2 Where any of the provisions of this Schedule would be illegal, invalid or unenforceable, that will not affect the legality, validity and enforceability of the other provisions of this Schedule.

### **Powers of meetings**

3. A meeting shall, subject to the Conditions and (except in the case of sub-paragraph 3.5) only with the consent of the Issuer and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:
- 3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer (other than in accordance with the Conditions or pursuant to applicable law);
  - 3.2 to assent to any modification of this Schedule or the Notes proposed by the Issuer or the Domiciliary Agent;
  - 3.3 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
  - 3.4 to give any authority, direction or sanction required to be given by Extraordinary Resolution;
  - 3.5 to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers (or discretions which the Noteholders could themselves exercise by Extraordinary Resolution);
  - 3.6 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes in circumstances not provided for in the Conditions or in applicable law; and
  - 3.7 to accept any security interests established in favour of the Noteholders or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests.

provided that the special quorum provisions in paragraph 18 shall apply to any Extraordinary Resolution (a **"special quorum resolution"**) for the purpose of sub-paragraph 3.6 or for the purpose of making a modification to this Schedule or the Notes which would have the effect of (other than in accordance with the Conditions or pursuant to applicable law):

- (i) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest;
- (ii) to assent to a reduction of the nominal amount of the Notes or a modification of the conditions under which any redemption, substitution or variation may be made;
- (iii) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment;
- (iv) to change the currency of payment of the Notes;
- (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or
- (vi) to amend this proviso.

## **Ordinary Resolution**

4. Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Noteholders shall have power by Ordinary Resolution:
  - 4.1 to assent to any decision to take any conservatory measures in the general interest of the Noteholders; or
  - 4.2 to assent to the appointment of any representative to implement any Ordinary Resolution.
5. No amendment to this Schedule or the Notes which in the opinion of the Issuer relates to any of the matters listed in paragraph 4 above shall be effective unless approved at a meeting of Noteholders complying in all respect with the requirements of Belgian law, the provisions set out in this Schedule and the articles of association of the Issuer.

## **Convening a meeting**

6. The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Noteholders holding at least 20 per cent. in principal amount of the Notes for the time being outstanding. Every meeting shall be held at a time and place approved by the Domiciliary Agent.
7. Convening notices for meetings of Noteholders shall be given to the Noteholders in accordance with Condition 11 (*Notices*) not less than fifteen days prior to the relevant meeting. The notice shall specify the day, time and place of the meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

## **Arrangements for voting**

8. A Voting Certificate shall:
  - 8.1 be issued by a Recognised Accountholder or the Securities Settlement System;
  - 8.2 state that on the date thereof (i) the Notes (not being Notes in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:
    - (i) the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and
    - (ii) the surrender of the Voting Certificate to the Recognised Accountholder or the Securities Settlement System who issued the same; and
  - 8.3 further state that until the release of the Notes represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Notes represented by such certificate.
9. A Block Voting Instruction shall:

- 9.1 be issued by a Recognised Accountholder or the Securities Settlement System;
- 9.2 certify that the Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and that no such Notes will cease to be so held and blocked until the first to occur of:
- (i) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and
  - (ii) the giving of notice by the Recognised Accountholder or the Securities Settlement System to the Issuer, stating that certain of such Notes cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;
- 9.3 certify that each holder of such Notes has instructed such Recognised Accountholder or the Securities Settlement System that the vote(s) attributable to the Note or Notes so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing three (3) Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;
- 9.4 state the principal amount of the Notes so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and
- 9.5 naming one or more persons (each hereinafter called a “**proxy**”) as being authorised and instructed to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in 9.4 above as set out in such document.
10. If a holder of Notes wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Notes for that purpose at least three (3) Business Days before the time fixed for the meeting to the order of the Domiciliary Agent with a bank or other depositary nominated by the Domiciliary Agent for the purpose. The Domiciliary Agent shall then issue a Block Voting Instruction in respect of the votes attributable to all Notes so blocked.
11. No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.
12. The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Noteholder.
13. Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Notes held to the order or under the control and blocked by a Recognised Accountholder or the Securities Settlement System and which have been deposited at the registered office at the Issuer not less than three (3) and not more than six (6) Business Days before the time for which the meeting to which the



relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Notes continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Notes to which such Voting Certificate or Block Voting Instruction relates.

14. In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.

### **Chairman**

15. The chairman of a meeting shall be such person as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

### **Attendance**

16. The following may attend and speak at a meeting:
  - 16.1 Noteholders and their agents;
  - 16.2 the chairman and the secretary of the meeting;
  - 16.3 the Issuer and the Domiciliary Agent (through their respective representatives) and their respective financial and legal advisers.

No one else may attend or speak.

### **Quorum and Adjournment**

17. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
18. One or more Noteholders or agents present in person shall be a quorum:
  - 18.1 in the cases marked “**No minimum proportion**” in the table below, whatever the proportion of the Notes which they represent

18.2 in any other case, only if they represent the proportion of the Notes shown by the table below.

| Purpose of meeting                   | Any meeting except for a meeting previously adjourned through want of a quorum | Meeting previously adjourned through want of a quorum |
|--------------------------------------|--|---|
|                                      | Required proportion  | Required proportion                                   |
| To pass a special quorum resolution  | 75 per cent.   | 25 per cent.  |
| To pass any Extraordinary Resolution | A clear majority   | No minimum proportion                                 |
| To pass an Ordinary Resolution       | A clear majority   | No minimum proportion                                 |

19. The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 17.
20. At least ten days' notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

### **Voting**

21. Each question submitted to a meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2 per cent. of the Notes.
22. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
23. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
24. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
25. On a show of hands or a poll every person has one vote in respect of each Note so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
26. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

## **Effect and Publication of an Extraordinary Resolution and an Ordinary Resolution**

27. An Extraordinary Resolution and an Ordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Ordinary Resolution or an Extraordinary Resolution to Noteholders within fourteen days but failure to do so shall not invalidate the resolution.

## **Minutes**

28. Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.
29. The minutes must be published on the website of the Issuer within fifteen (15) days after they have been passed.

## **Written Resolutions and Electronic Consent**

30. If authorised by the Issuer and to the extent Electronic Consent is not being sought in accordance with paragraph 31, a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution or an Ordinary Resolution passed at a meeting of Noteholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Noteholders through the relevant clearing system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. For the purpose of determining whether a resolution in writing has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the clearing system(s) with entitlements to the Notes or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the Securities Settlement System, Euroclear, Clearstream or any other relevant alternative clearing system (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.
31. Where the terms of the resolution proposed by the Issuer have been notified to the Noteholders through the relevant clearing system(s) as provided in sub-paragraphs 31.1 and/or 31.2 below, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Domiciliary Agent or another specified agent in accordance with their operating rules and procedures by or on behalf

of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (the “**Required Proportion**”) by close of business on the Relevant Date (“**Electronic Consent**”). Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

31.1 When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen days’ notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the “**Relevant Date**”) by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

31.2 If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Domiciliary Agent. Alternatively, the Issuer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as determined by the Issuer. Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph 31.1 above. For the purpose of such further notice, references to “**Relevant Date**” shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 6 above, unless that meeting is or shall be cancelled or dissolved.

32. A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution or an Ordinary Resolutions. A Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution and/or Electronic Consent.

## USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes (which may include, without limitation, (i) the refinancing of outstanding loans and other debt, (ii) the financing of the Issuer's investment programmes and/or (iii) the financing of its funding needs that exceeds the free cash flow generated by its operations).

The applicable Final Terms for each issue will specify whether the proceeds are for general corporate purposes or otherwise specify any particular identified use of proceeds.

An example of such particular identified use of proceeds may be, if so designated in the relevant Final Terms, the allocation of net proceeds from the Issue of a certain Tranche of Notes to a sub portfolio (the **Green Project Portfolio**) with the special purpose to finance, refinance and/or invest in projects in the field of renewable energy, energy efficiency, sustainable waste management, sustainable land use, biodiversity conservation, clean transportation, clean water and/or drinking water or any other project falling within the ICMA Green Bond Principles as set out in the applicable Final Terms.

## DESCRIPTION OF PROXIMUS, SA DE DROIT PUBLIC

### GENERAL INFORMATION ON THE CORPORATE STRUCTURE OF PROXIMUS SA

|   |  |
|---|--|
| <b>Commercial name:</b>                           | Proximus   |
| <b>Legal name:</b>                                | Proximus, SA de droit public (as of 22 June 2015)  |
| <b>Registered office:</b>                         | Koning Albert II-laan 27, B-1030 Brussels  |
| <b>Telephone number:</b>                          | +32 2 202 46 12  |
| <b>Enterprise number:</b>                         | 0202.239.951, Brussels Register of Legal Entities  |
| <b>Legal Entity Identifier (LEI):</b>             | 549300CWRXC5EP004533.  |
| <b>Year of incorporation:</b>                     | <p>Proximus was established under the name of Belgacom as an autonomous public-sector company, governed by the Law of 19 July 1930 establishing the Belgian National Telegraph and Telephone Company, the RTT (<i>Régie des Télégraphes et Téléphones et Télégraphes / Regie van Telegraaf en Telefoon</i>).</p> <p>The transformation into an SA of public law was implemented by Royal Decree of 16 December 1994 and Proximus was incorporated on 27 December 1994.</p> <p>The name change into Proximus SA, de droit public was implemented by the Royal Decree of 7 May 2015, applicable as of 22 June 2015.</p>  |
| <b>Legislation under which Proximus operates:</b> | Proximus is incorporated under and is subject to the laws of the Kingdom of Belgium.   |
| <b>Legal form:</b>                                | Limited liability company under public law ( <i>Société Anonyme (SA) de droit public</i> /Naamloze Vennootschap (NV) van publiek recht)  |
| <b>Corporate purpose:</b>                         | <p>As described in Article 3 of the Articles of Association of Proximus, the objects of Proximus are:</p> <ol style="list-style-type: none"><li>1 to develop services within the field of telecommunications in Belgium or elsewhere;</li><li>2 to perform all actions aimed at promoting, directly or indirectly, its activities or ensuring optimal use of its infrastructure;</li><li>3 to acquire participating interests in bodies, companies or associations – whether existing or to be created, Belgian, foreign or international, and public or private sector – that may contribute, directly or indirectly, to the achievement of its corporate objects;</li><li>4 to provide radio and television broadcasting</li></ol> |

services; and

5 to provide ICT and digital services.

#### **Description of the Group:**

The Issuer is the ultimate parent company of the Group. A Group structure chart is set out on page 121.

## **HISTORY**

Proximus' business was initially operated as a public service called *Regie van Telegrafie en Telefonie / Régie des Télégraphes et des Téléphones (RTT)*. The RTT, established in 1930, was commissioned to supply telegraphy and telephony services in Belgium and was supervised by a Belgian government minister.

In 1992, the RTT was reorganised as an autonomous public sector enterprise called "Belgacom".

In 1994, Belgacom was transformed into a limited liability company under public law and in March 1996, the Belgian State sold 50% less one share to a private consortium, ADSB Telecommunications BV.

Belgacom launched the Proximus GSM cellular network on 1 January 1994.

Belgacom Mobile S.A. was established on 1 July 1994 by Belgacom (75%) and AirTouch Communications (which subsequently merged with Vodafone) (25%). In August 2006, Belgacom acquired the remaining 25% stake in Belgacom Mobile S.A. from Vodafone for a total of EUR 2 billion. Following this operation, Belgacom Mobile S.A. became a wholly-owned subsidiary of Belgacom. The business relationship between Proximus and Vodafone is maintained.

On 1 January 1998, the telecom market was fully liberalised and Belgacom took over Skynet, the first internet access provider in Belgium and one of the largest web portals in the country. Its internet activities are integrated into the Belgacom brand which launched ADSL on the Belgian market.

In March 2004, ADSB Telecommunications BV sold its participation through a public offering. Since then Belgacom has been listed on the Euronext Brussels Stock Exchange (ticker **BELG** and following the name change into Proximus in June 2015 under the ticker **PROX**). Following completion of the offering, the Belgian State owned 51.6% of the ordinary shares of Belgacom.

Belgacom transferred its international carrier branch of activity to its 100% subsidiary Belgacom International Carrier Services SA (**BICS**) on 1 January 2005. Effective 1 July 2005, Swisscom Fixnet AG transferred its international carrier services business to Belgacom's subsidiary BICS in exchange for a 28% ownership in BICS and its subsidiaries and Belgacom's share was diluted to 72%.

In June 2005, Belgacom launched its digital television offering, Belgacom TV, offering to the customer a range of channels, on demand TV, interactive television services and an electronic program guide. Through a successful bidding, Belgacom was able to acquire the exclusive broadcasting rights for the Belgian and Italian Football League championships for a 3 year period. Early June 2008, the Belgian Professional Football League granted Belgacom the broadcast rights to the Jupiler League for the 2008-2011 seasons.

In September 2005, Belgacom launched a public tender offer to acquire 100% of Telindus shares. This offer fitted Belgacom's strategy to grow its IT services business in Belgium and offered additional international scope. The takeover was finalised early 2006 and the Telindus Group share was delisted from the Brussels Euronext stock market. In June 2006, the Telindus/Belgacom ICT portfolio was expanded with the new Telindus/Belgacom brand.

In February 2008, Belgacom announced the acquisition of Scarlet NV, the infrastructure based communication service provider offering fixed-line and mobile voice, internet and data services for residential, SME, corporate and wholesale customers in the Netherlands, Belgium and the Dutch Antilles. This acquisition was closed in November 2008 and allows Belgacom to penetrate a new market segment and reinforce its multiplay offer in Belgium. In July 2009, in accordance with the requirements from the Competition Council, the Scarlet network was divested to Synthigo SA.

The Group also acquired Mobile-for, a company specialised in mobile payments for parking and Tango (Tele2 Luxemburg), the second mobile operator in Luxembourg. As part of the latter transaction, Belgacom also acquired Tele2's Liechtenstein fixed and mobile operations, which was divested in December 2009 to Unify Nederland BV.

In December 2009, the transaction that was announced in June 2009 between Belgacom ICS (**BICS**) and MTN was closed. This transaction combined the international carrier services of BICS and MTN, the latter taking an equity stake in BICS. As of 1 December 2009, BICS has been progressively integrating MTN ICS, MTN's international wholesale subsidiary, and will act as the official gateway for carrier services of MTN globally. Belgacom will own 57.6% of BICS' shares, Swisscom will own 22.4% and MTN will own 20.0% of BICS' shares.

On 4 January 2010, the extraordinary general shareholders' meeting of Belgacom approved the integration of the Belgian operational subsidiaries of the Belgacom Group into a single limited liability company under public law, Belgacom SA. This integration thus concerned Belgacom SA, Belgacom Mobile SA, Telindus Group NV (only the national activities), Telindus NV, Telindus Sourcing SA and Belgacom Skynet activities. Excluded from this integration were the subsidiaries BICS, BGIS, Skynet iMotion Activities, Tango, Scarlet, Euremis, ConnectImmo and the international subsidiaries of the Telindus Group.

In June 2010, Belgacom announced setting up of a new company called Belgacom Bridging ICT. This wholly-owned subsidiary is the basis for a new and exclusive channel with ICT experts throughout Belgium. In this new subsidiary, Belgacom consolidates the activities taken over from four IT integrators: ElectroComputer, Interconnect, Jockordy and Softcomputer. In July 2010 Belgacom Bridging ICT also acquired a 40% interest in ClearMedia.

On 15 November 2010, Belgacom Invest Sàrl absorbed Tango Fixed SA, Tango Mobile SA and Tango Services SA. On 23 December 2010, the corporate form of Belgacom Invest Sàrl (private limited liability company) was changed into a limited liability company (Société anonyme) and its corporate name was changed into Tango SA with effect from 1 January 2011.

In August 2011, Belgacom incorporated a new re-insurance company in Luxembourg, BGC Re SA.

In November 2011, through the incorporation of a new company Belgacom ICT-expert Community CVBA Belgacom Bridging ICT NV joined forces with eight new local ICT experts to advise Small and Medium Enterprises (**SME**).

In early January 2012, Belgacom acquired Wireless Technologies owning a chain of The Phone House (**TPH**) stores in Belgium. The Belgian Competition Council approved the acquisition but included in its approval the obligation to divest a number of TPH points-of-sale, as well as the activity pertaining to the exploitation of the shop-in-shops by Wireless Technologies.

On 18 April 2012, at an extraordinary general shareholders' meeting, Belgacom NV integrated Telindus Group NV through a merger by takeover.

In 2013, Belgacom acquired a highly valuable spectrum for the 800 MHz frequency band to further develop 4G leadership.



In November 2013, Proximus and BNP Paribas Fortis set up “Belgian Mobile Wallet SA” (Sixdots) a 50-50 joint venture to support online and mobile trade in Belgium. During 2014 new investors entered the company capital reducing the Group’s share to 33%.

In 2014, Proximus pioneered innovative 4G technology in Belgium, starting the roll-out at the Belgian coast and main cities, including Brussels.

Since September 2014, all fixed and mobile voice, internet, digital television and ICT services are commercialised under one unique brand: Proximus.

In 2014, the Group also sold 100% of its share in Group Telindus France to Vivendi and the business of Telindus Limited, a UK subsidiary of Telindus, to Telent Technology Service.

In line with the new Fit for Growth strategy of the Group, Proximus was officially chosen as main commercial brand. On 29 September 2014, all Belgacom and Proximus solutions were grouped under the single brand and logo Proximus. As fundamental part of the growth strategy, this change simplifies the public perception and communicates the desire to put customers at the heart of everything Proximus does.

On 15 April 2015, at the Annual Shareholders Meeting, the shareholders of the company voted in favour of changing the company name from Belgacom to Proximus. This change became effective as of 22 June 2015. Next to Proximus SA under Belgian Public Law, the Proximus Group encompasses the affiliates Scarlet, Tango, BICS and Telindus International.

On 3 December 2015, Proximus signed an agreement to acquire ArcelorMittal’s 35.3% stake in Telindus Luxembourg. As a result, Proximus now owns 100% of the share capital of Telindus Luxembourg, which further underlines Proximus’ commitment to the Luxembourg market.

On 15 March 2016, Proximus announced the creation of a Smart Mobility company by combining its subsidiary, Mobile-For, with Be-Mobile and Flow into one new company. The creation of a Smart Mobility company ties in perfectly with Proximus’ strategy to invest in innovation in order to grow in a sustainable way as a company and to offer customers solutions that improve their lives and allow them to work smarter. By combining the expertise of Be-Mobile, Flow and Mobile-For, the new company can become a strong player with a local base, using the Internet of Things and Big Data to offer innovative mobility solutions.

End of April 2016, Proximus and the Flemish digital research center iMinds announced the start of a strategic cooperation that will focus on aspects such as the Internet of Things (**IoT**) and smart city applications. Initially, the two partners want to take the lead in the further development, refinement and standardisation of Long Range Low Power (**LoRa**) technology. LoRa is a new IoT network technology specifically developed to connect sensors and other devices to the internet in an easy and cost-effective way. Thanks to the data provided by the connected sensors, smart city applications can be continuously adjusted; e.g. for optimised traffic flows and improved city mobility.

On 9 May 2016, driven by a strong commitment to Luxembourg and following the acquisition of the full ownership of Telindus in December 2015, Proximus combined its Luxembourg entities Telindus and Tango to create Proximus Luxembourg, a new convergent organisation with strong growth ambitions.

In October 2016, Proximus also reinvented its commercial offer with the launch of the new all-in products Tuttimus for residential customers and Bizz All-in for small business customers. This offer allows everyone to tailor the available services according to their own needs and preferences. It is designed for the digital age where customers want an all-in package with an abundance of options, which they can easily personalise.

On 16 December 2016, Proximus launched the project ‘Fiber for Belgium’ to bring a future-proof next generation network to its customers. Proximus announced an investment of EUR 3 billion for the coming ten years to accelerate the roll-out of Fiber in Belgium. Fiber is the fixed network of the future: thanks to

unrivalled speeds, which can be identical in download and upload, Fiber is an enabler for new ways of living and working, offering a very high level of customer satisfaction. Proximus will cover more than 85% of all enterprises and more than 50% of all households with Fiber. Dense city areas will be fully fiberised, starting with a progressive roll-out in six cities in early 2017: Antwerp, Brussels, Charleroi, Ghent, Namur and Roeselare. Investing in a future-proof Fiber network is crucial to give companies and citizens access to the most advanced digital services. Better networks will lead to more growth and employment for Belgium.

In May 2017, Proximus acquired Davinsi Labs. This provided Proximus a 360° cyber security portfolio, covering the prevention and detection of cyber-attacks as well as the possibility of prediction and response to breaches.

In September 2017, Proximus has further strengthened its role as a business partner in digital transformation by acquiring Unbrace, an application development company. Unbrace creates custom-built applications that help businesses engage with their customers, empower their employees and optimise their operations.

In October 2017, BICS completed the acquisition of TeleSign, a leading US-based CPaaS (Communication Platform as a Service) company founded on security. This strategic acquisition enables BICS to expand from a global carrier to an international digital enabler, and to accelerate its strategy to diversify in terms of customers, solutions and geographies. It also allows BICS to acquire expertise in mobile identity, account security and cloud communication. BICS furthermore launched its global offering of Cloud Numbers-as-a-Service in 120 countries worldwide and has successfully on-boarded its first customers, while constantly developing its service global coverage.

In December 2017, Proximus further enlarged its offer for families and children with the exclusive deal signed with Studio 100. As of 1 January 2018, Studio 100 TV was exclusively available in Flanders in the basic offer, and Njam!, the first cooking channel in Flanders, became available for all Proximus TV customers. Furthermore, the partnership was expanded with Studio 100 GO, a completely revamped digital platform, and Studio 100 HITS, a brand-new music channel.

### **Latest developments in 2018**

In February 2018, Proximus announced a new partnership with BeTV to further broaden its offer of premium content in Wallonia: blockbuster TV premieres (over 300 movies/year), original award-winning series, HBO series Direct from US (such as Westworld and Game of Thrones), hard-hitting documentaries, and the news and investigative programs of CANAL+. The Be tv Go service with two on-demand catalogs (Be on demand and Ciné+ on demand) will also be available.

In March 2018, Proximus obtained a EUR 400 million loan from the European Investment Bank to accelerate the roll-out of its fiber Gigabit network.

In the same month, Proximus reinforced its leading position in the Benelux ICT security market by acquiring the Dutch based company ION-IP. ION-IP employs more than 20 highly skilled security experts and serves customers in various sectors. It is widely respected due to its high knowledge on security and application performance, which is acknowledged by, amongst others, its platinum partnership status with Palo Alto Networks and the Guardian and Gold partnership with F5 Networks.

In April 2018, Proximus was the first Belgian operator to perform a successful 5G field trial in partnership with Huawei. Speeds of up to 2.94 Gbps were reached, and latency up to 1.81 ms. This field trial also confirmed the efforts of Proximus to technologically fuel the digital transformation of Belgium, and to drive the development of innovative services.

In May 2018, Proximus launched its NB-IoT network for the connection of the digital meters of Eandis and Infrax (now merged into Fluvius). Commissioned by IBM and Sagemcom, Proximus will connect the

1.3 million digital meters for gas and electricity, which Fluvius intends to roll out in Flanders by the end of 2022. Other applications are of course possible as well. Proximus strengthened its market leadership in IoT in Belgium with the deal.

In the same month, Proximus announced that it is taking on a major role in the development of e-sports in Belgium. Proximus promotes both amateur and professional e-sports in Belgium by setting up three official leagues with strategic partners such as ESL and the Pro League, incorporating e-sports content on its platforms, and by sponsoring existing local competitions. With a development strategy angled around sports and entertainment and a mission to connect and bring consumers closer so that they can live their passion more intensely, Proximus wants to play a primary role and support this phenomenon.

In June 2018, Proximus acquired Umbrio, a Dutch company specialised in IT and network operations, monitoring and analytics. Umbrio has achieved Splunk Elite partner status and is considered a leader in its domain of expertise in the Benelux with revenues of approximately EUR 11 million in 2017. This acquisition will boost Proximus' ambition to become a Digital Service Provider, further strengthening its support to customers in their digital transformation through innovative and meaningful technologies.

In the same month, Proximus launched EPIC, a new mobile offer for millennials. With the launch of Epic beats and Epic stories, Proximus removed barriers to mobile data usage. For less than EUR 20 per month, Epic users can share their most unforgettable moments endlessly and listen without limits to their favourite music. The interactions with the customer have also been fully adapted to the needs and expectations of millennials, to give them a totally digital "Epic" experience.

In July 2018, Proximus acquired Cudit, a Belgium-headquartered IT services company and a market leader in business application integration. API Management, Microsoft Azure and Internet of Things. Cudit use a wide range of Microsoft technologies, including innovative cloud-based solutions, to provide consultancy, technology and management services. This acquisition will further strengthen support to professional customers in their digital transformation.

In August 2018, Proximus increased tenfold the capacity of its transport network – the backbone of voice, data and TV services. Proximus innovates and invests heavily in the modernisation of its transport network, which interconnects all its sites and centralised service platforms. With its TITAN project, Proximus anticipates the sustained exponential growth of data traffic and strengthens the backbone of its network for the coming decade. The complete migration of all fixed and mobile voice and data services to the new infrastructure has already begun and will continue into 2021.

In October 2018, Proximus launched a revamped mobile offer with unlimited data: Mobilus XL at EUR 42.99/month. More than ever, customers want to be connected anytime and anywhere to share experiences, photos and videos with their friends and family, listen to music and watch movies and series on their mobile. To this end, customers want to be able to use data without having to worry about their consumption.

In November 2018, the grand finals of the "ESL Proximus Championship" were held at the Spiroudome of Charleroi and were broadcasted exclusively on Proximus TV. It was the first major "physical" event in Belgium for the ESL (Electronic Sports League) and it crowned the best Belgian teams of Counter-Strike: Global Offensive and League of Legends.

In December 2018, Proximus chose SILK as a partner to build a unique communication and media ecosystem. Through the creation of a unique ecosystem of media and communication partners, Proximus regroups strategic, creative and digital expertise in a new agile and innovative operating model. The selection fits Proximus' aim to accelerate its digital transformation and become part of the digital daily life of every Belgian.

## Shareholding as at 31 December 2018

| <i>Proximus Ownership<br/>31 December 2018</i> | <i>Shares</i> | <i>Shares<br/>(%)</i> | <i>Voting rights<br/>(%)</i> | <i>Dividend Rights<br/>(%)</i> |
|--|---------------|-----------------------|------------------------------|--------------------------------|
| Belgian State                                  | 180,887,569   | 53.51%                | 56.05%                       | 55.91%                         |
| Proximus' own shares                           | 15,321,318    | 4.53%                 | 0%                           | 0.25%                          |
| Free-float                                     | 141,816,248   | 41.95%                | 43.95%                       | 43.83%                         |

## Latest developments in 2019

In January 2019, Proximus launches its #shifftodigital strategy, accelerating its transformation to remain relevant on the Belgian market and to secure the company's future. Today, the tipping point in digitalisation in the industry and the challenging market conditions in Belgium are setting a disruptive context in which Proximus has to fundamentally reinvent itself and provide new digital solutions that answer customer needs and desires, both in the enterprise and consumer markets. To achieve this, Proximus confirms the further roll-out of its fibre network and the preparation in its 5G network. In addition, Proximus is further expanding its ICT activities to help companies in their digital transformation. To accelerate its transformation, Proximus needs to further reduce its cost structure in order to continue to stay relevant in the market and continue the needed investments in networks, innovation and content. It targets an additional gross saving of EUR 240 million by 2022.

## PRODUCTS AND SERVICES

Proximus is a telecommunications and ICT company operating in the Belgian and international markets, providing services to the residential, enterprise and public markets.

Proximus is the leading provider of telephony, internet, television and network-based ICT services in Belgium through the Proximus and Scarlet brands. The high-quality interconnected fixed and mobile networks offer access anywhere and anytime to digital services and data, as well as to a broad offering of multimedia content. Proximus is investing in future-proof networks and innovative solutions, creating the foundations for sustainable growth.

Proximus is active in Luxembourg through its affiliates Telindus Luxembourg for ICT and Tango for telecommunications. In the Netherlands Proximus also offers ICT services through Telindus Netherlands. BICS is the affiliate responsible for international carrier services.

At Proximus people put the customer at the heart of everything they do. The aim is to deliver a superior customer experience and to simplify the customer journey by offering accessible and easy-to-use solutions.

Proximus aims to contribute to the economic, social and environmental development of the society in which it operates.

The Board of Directors, the Chief Executive Officer and the Proximus Executive Committee assess the performance and allocate resources based on the customer oriented organisation structured around the following reportable operating segments:

### 1. The Consumer Business Unit (CBU)

The CBU sells voice products and services (**Voice**), internet (**Internet**) and television (**TV**), both on fixed (**Fixed**, including Fixed Voice, Internet and TV) and mobile networks (**Mobile Services**, including prepaid (**Prepaid**) and postpaid (**Postpaid**) services), to residential clients and, since 2015, to small offices (i.e. self-employed persons and small companies), as well as ICT-services, mainly on the Belgian market. It also offers

rich and varied content, available on all screens. These offerings are principally marketed through the Proximus, Scarlet and Tango brands.

## 2. The Enterprise Business Unit (EBU)

The EBU sells ICT and telecom services (including Fixed Internet and data connectivity services (together **Fixed Data**), Fixed Voice and Mobile Services) to medium-sized and corporate enterprises as well as to the public sector and international institutions. This wide range of services is based on high performance networks and highly secured datacenters. The EBU also invests in new domains, such as the Internet of Things (IoT), Big Data, the Cloud and security to deliver new solutions with positive impact on people and the society. These solutions are mainly marketed under the Proximus and Telindus brands, on both Belgian and international markets.

## 3. The Wholesale Unit (WU)

The WU sells services to the telecom and cable operators.

## 4. The Technology Unit (TEC)

The TEC centralises all the network and IT services and costs (excluding costs related to customer operations and to the service delivery of ICT solutions) & provides services to CBU, EBU and WU.

## 5. International Carrier Services (BICS)

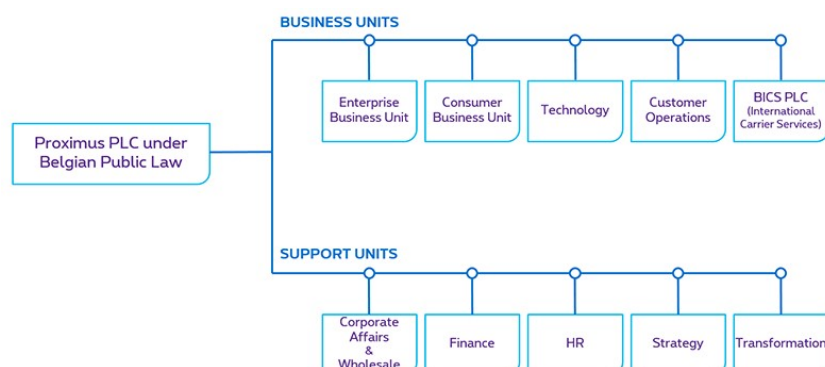
The international carrier services are provided by Proximus' subsidiary Belgacom International Carrier Services, a subsidiary of Proximus (57.6%), Swisscom (22.4%) and MTN (20%). This co-venture is the preferred supplier of Swisscom, the Proximus Group and MTN as regards international connectivity services.

## 6. Staff and Support (S&S)

S&S brings together all the horizontal functions (human resources, finance, legal, strategy and corporate communication), internal services and real estate supporting the Group's activities.

Within its "Fit-for-Growth" strategy, aiming for more efficiency and simplification, Proximus updated its organisation structure at the start of 2015. This also resulted in a new customer segmentation. The main changes reside in the Small Enterprise customers ('Small Offices') being reported within the Consumer Business Unit and no longer in the Enterprise Business Unit, as well as the regrouping of 5,000 employees in a new Customer Operations Unit.

You will find hereunder an overview of Proximus' company structure:



The Group monitors the operating results of its reportable operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated on the following basis:

- direct margin net of incidentals. The segment reporting below provides a reconciliation between underlying figures and those reported in the financial statements; and
- the capital expenditures.

Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

For the purpose of allocating resources to reportable operating segments, the Group monitors segment assets at the level of property, plant and equipment, intangible assets and goodwill. Other non-current assets and current assets are not allocated to operating segments.

The accounting policies of the operating segments are the same as the significant accounting policies of the Group. Segment results are therefore measured on a similar basis as the operating result in the consolidated financial statements.

Inter-company transactions between legal entities of the Group are invoiced on an arm's length basis.

The following table gives a breakdown of the segment underlying income for each operating segment:

| <b>EUR million</b>                    | <b>2017<sup>4</sup></b> | <b>2018</b>  |
|---------------------------------------|-------------------------|--------------|
| Consumer Business Unit                | 2,909                   | 2,898        |
| Enterprise Business Unit              | 1,400                   | 1,415        |
| Wholesale                             | 207                     | 201          |
| International Carrier Services (BICS) | 1,320                   | 1,347        |
| Other (including eliminations)        | -58                     | -57          |
|                                       | <b>5,778</b>            | <b>5,804</b> |

## **FULL YEAR 2018 REVENUE EVOLUTION<sup>5</sup>**

In order to allow a like-for-like comparison, Proximus provides a clear view of the operational drivers of the business by isolating incidentals (i.e., revenues and costs that are unusual or not directly related to Proximus' business operations, and which had a significant impact on the year-on-year variance of the Proximus Group revenue or EBITDA). The adjusted revenue and EBITDA are referred to as "underlying".

A further explanation of the concepts of underlying revenue and underlying EBITDA, the incidentals that are excluded and a reconciliation with the revenue reported in the income statement, is provided in the Consolidated Management Report for 2018 which is published together with the audited consolidated annual financial statements of the Group for the financial year ended 31 December 2018 (see section 1 and the definitions section, available at [www.proximus.com](http://www.proximus.com)).

The below overview of the full year 2018 revenue evolution includes underlying revenue figures.

Furthermore, the following capitalised terms have the following meanings:

**A2P** means applications-to-person;

**ARPH** means average underlying revenue per household (including small offices);

<sup>4</sup> The numbers for 2017 have been restated to allow a correct comparison following certain changes in the reporting of Proximus as of 2018. For further information, please see page 3 of the Consolidated Management Report for 2018.

<sup>5</sup> All financials and like-for-like comparisons related to the Group and segments are provided under IAS 18, unless stated otherwise.

**ARPU** means average revenue per unit (e.g. per voice line, per broadband line, and per mobile card);

**Blended Mobile ARPU** means total Mobile Voice and Mobile data revenues (inbound and outbound) of both Prepaid and Postpaid customers, divided by the average number of active Prepaid and Postpaid customers for that period, divided by the number of months of that same period. This also includes Mobile Virtual Network Operators (MVNOs), but excludes wireless data communications between machines (i.e., machine-to-machine, M2M);

**Broadband ARPU** means total Internet underlying revenue, excluding activation and installation fees, divided by the average number of Internet lines for the period considered, divided by the number of months in that same period;

**Fixed Voice ARPU** means total Voice underlying revenue, excluding activation-related revenue, divided by the average number of Voice access channels for the period considered, divided by the number of months in that same period;

**Mobile ARPU** means total Mobile Voice and Mobile Data revenues (inbound and outbound, visitor roaming excluded), divided by the average number of active Mobile Voice and Data customers for that period, divided by the number of months of that same period. This also includes MVNOs, but excludes M2M;

**Postpaid ARPU** means the Mobile ARPU based on Postpaid customers only;

**Prepaid ARPU** means the Mobile ARPU based on Prepaid customers only; and

**TV ARPU** includes customer-related underlying revenue only and takes into account promotional offers, excluding activation and installation fees, divided by the number of households with Proximus or Scarlet TV.

For full-year 2018, Proximus Group ended the year 2018 with total underlying revenue of EUR 5,804 million, 0.5% above that of the previous year. The Group underlying revenue is the aggregate of a stable Domestic revenue and a higher revenue for BICS, Proximus' International Carrier business unit, including the revenue from TeleSign. For its Domestic operations, Proximus posted stable revenue of EUR 4,458 million. The revenue was primarily supported by the ongoing expansion of the TV, Internet and Mobile Postpaid customer base, in spite of a competitive landscape. Moreover, the revenue from ICT showed good progress, benefitting from a strengthened ICT portfolio, including the acquisition of several small, specialised ICT companies. Furthermore, 2018 benefitted from a continued positive revenue evolution in Advanced Business Services and a revenue increase posted for Tango. These favourable evolutions were able to offset the continued revenue erosion from Fixed Voice and Mobile prepaid; and from a lower Wholesale revenue. In 2018, BICS' revenue totaled EUR 1,347 million, 2.0% above that of 2017, including the revenue contribution from TeleSign. BICS faces the ongoing transition within the International Carrier market, with usage moving from Voice to Data. In 2018, BICS Voice volumes further declined, be it at a slower pace compared to the previous year. The volume losses in Voice traffic were, however, combined with a less favourable destination mix, and a negative USD currency effect in the first half-year. This was more than offset by a strong increase in messaging volumes, with TeleSign boosting the A2P volumes. This led to a solid 28.8% increase in non-Voice revenue.

## **CBU**

For the fourth quarter of 2018, Proximus' Consumer segment posted a revenue of EUR 726 million. This is 1.0% or EUR 8 million below that of the same period in 2017, including lower mobile prepaid revenue (EUR -5 million), lower mobile devices revenue (EUR -3 million) and lower inbound revenue, the last two items having limited impact on direct margin. This was partly compensated for by a continued increase in revenue from Fixed services, up by 0.7% to EUR 380 million, driven by the expanding Internet and TV customer, more than offsetting the erosion in Fixed Voice.

With its refreshing year-end campaign offering a wider choice to customers, Proximus achieved further customer growth on its premium brand. At the same time Scarlet closed a good last quarter of the year, addressing the low-price seekers in the market. In total, Proximus added 17,000 Internet and 16,000 TV customers in the fourth quarter of 2018.

Revenue from mobile services was down by 2.3% for the fourth quarter of 2018, driven by lower Prepaid revenue, while mobile Postpaid revenue remained stable in relation to the previous year. On 1 November 2018, Proximus launched its renewed mobile offer, providing 'peace of mind' to its customers with an unlimited Voice and unlimited Data offer. Combined with attractive year-end Mobile promotions, Proximus appealed to a net number of 24,000 Postpaid customers in the last quarter of 2018, a step up from the +8,000 for the same period in 2017. Pressure on the ARPU, however, offset the benefit from the larger customer base.

Proximus attracted yet again a solid 31,000 customers to its all-in offers Tuttimus/Bizz All-In, closing the fourth quarter of 2018 with 508,000 subscribers.

The Consumer revenue over the full-year 2018 totaled EUR 2,898 million, slightly below (-0.4%) that of 2017. Revenue from Fixed Services was up, as was the revenue from Mobile postpaid and Tango, in spite of RLAH regulation. This was however fully offset by lower revenue from Mobile prepaid services and reduced low-margin mobile device sales.

Proximus' Consumer segment generated 4.6% more revenue from its Internet subscriptions compared to the previous year, totaling EUR 164 million for the fourth quarter of 2018. This resulted from a solid customer growth of 47,000 over the past twelve months. The total Internet customer base rose to 1,894,000, an annual increase of 2.5%, supported by both the Proximus and Scarlet brands. Backed by an attractive year-end campaign for the Proximus brand and the continued success of Scarlet in the no-frills segment, the consumer segment grew its Internet base by 17,000 Internet lines in the fourth quarter of 2018. In a competitive market, the Proximus Internet churn was somewhat up from the previous year. The ARPU ended 1.9% higher on an annual basis to reach EUR 28.9, reflecting price changes since the start of 2018.

In one year, the Proximus and Scarlet brands combined grew their TV customer base by 50,000, a steady 3.2% increase while operating in a more competitive setting. With the TV customer base growing by 16,000 customers in the fourth quarter of 2018, Proximus reached a total of 1,611,000 TV customers by the end of 2018. The customer growth was well supported by the year-end campaign of the Proximus brand, leading to a further uptake of Tuttimus and Familus offers, and by the continued success of Scarlet in the no-frills segment of the market.

The TV ARPU for the fourth quarter of 2018 stood at EUR 20.9, a touch below that of the previous year (-0.4%). The growing TV subscriber base remains an important revenue driver for the Consumer segment, with TV revenues up by 2.9% year-on-year to total EUR 101 million for the fourth quarter of 2018.

By the end of 2018, the total Fixed Voice customer base totaled 1,969,000, down 3.3% from one year ago, including a steady quarterly net line loss of 17,000 in the fourth quarter of 2018.

The Fixed Voice ARPU for the last quarter of 2018 was EUR 19.3, i.e., a decline of 3.1% compared to the previous year. This was due to an ongoing decline in the use of Voice traffic, partly offset by the 1 January 2018 price changes for single-play Fixed Voice.

A lower Fixed Voice customer base compared to the previous year combined with a lower ARPU resulted in a 6.1% year-on-year revenue decline, reaching EUR 115 million in the fourth quarter of 2018.

The Consumer revenue from mobile services totaled EUR 237 million for the fourth quarter of 2018, down by 2.3%, driven by lower Prepaid revenue while mobile Postpaid revenue remained stable compared to the



previous year. The last quarter of 2018 was marked by a solid mobile postpaid customer growth. This included good traction for Proximus' "Epic" offer, addressing the millennial segment, and the year-end promotion. Moreover, on 1 November 2018, Proximus revamped its Mobilus offer, answering changing customer needs and adapting to evolving market conditions. For instance, Mobilus M customers now enjoy unlimited Voice and Mobilus XL customers unlimited Data in their mobile bundle, driving uptiering.

Churn levels were kept well under control, with Proximus' Mobile postpaid churn at 15.9% in the fourth quarter of 2018, 1.2% below that of the previous year, and fairly stable in relation to the prior quarter. This, combined with attractive year-end Mobile promotions, resulted in a net growth of 24,000 Postpaid cards in the last quarter of 2018, a step up from the +8,000 for the same period in 2017. At the end of 2018, the Postpaid base totaled 2,737,000 cards, 86,000 or 3.3% more compared to one year ago.

However, the benefit from the growing Postpaid customer base was offset by a decrease in ARPU, down by 3.0% for the fourth quarter of 2018. This was mainly due to lower inbound traffic (with limited margin impact) and the continued erosion in out-of-bundle revenue.

In contrast, the loss of Prepaid cards remained elevated, with the Prepaid base reduced by 34,000, totaling 772,000 Prepaid cards at the end of 2018. The continued erosion was partly driven by the strategy to migrate customers to similar "Full Control" Postpaid pricing plans, at higher value.

As a consequence, the combined Prepaid-Postpaid Mobile customer base totaled 3,509,000 Mobile cards at the end of 2018, with a blended mobile ARPU of EUR 22.6 (-1.1% compared to the previous year).

#### Tango revenue

Tango posted EUR 31 million revenue for the fourth quarter of 2018, fairly stable (-0.6%) in relation to the previous year, in an aggressive competitive market. This was driven by a steady growth in mobile revenue and the successful execution of its convergence strategy with FTTH driving an increase in broadband revenue.

#### EBU

For the fourth quarter of 2018, Proximus' Enterprise segment posted EUR 366 million in revenue. This is 0.8% or EUR 3 million down from the previous year, including EUR 2 million related to lower Mobile device revenue, at low margins.

Within the mix, revenue from ICT showed a 3.9% year-on-year increase, from a high comparable base for its organic ICT business. The fourth-quarter growth was driven by the contribution from specialised companies acquired over the past twelve months. With Proximus' enlarged portfolio, moving away from pure connectivity towards digital transformation solutions for its professional customers, it accelerated the shift from product deals (at lower margins) to service revenue.

Revenue from mobile services continued its slightly growing trend, up by 0.9% in the fourth quarter of 2018, fully driven by a 4.1% year-on-year increase of its mobile customer base, which more than offset the competitive pressure on pricing.

In contrast to prior quarters, the Advanced Business Services revenue was down from a high 2017 comparable base, totaling EUR 8 million in the last quarter of 2018.

Furthermore, the Fixed Voice revenue erosion trend continued, driven by a lower customer base and lower usage.

Over the full-year 2018, the Enterprise segment posted EUR 1,415 million revenue, a 1.1% increase compared to the previous year despite the competitive and regulatory headwinds. Higher revenue from ICT

(including acquisitions), Advanced Business Services and terminals more than offset the erosion of Fixed Voice.

The Enterprise segment posted EUR 49 million in Fixed Voice revenue for the fourth quarter of 2018, showing a steady year-on-year decline of 6.7%. This resulted from the Enterprise segment facing an ongoing rationalisation by customers on Fixed-line connections, lower usage, technology migrations to VoIP and competitive pressure. The line loss in the fourth quarter of 2018 was -9,000, bringing the Enterprise total Fixed Voice Line base to 541,000 at the end of 2018 (i.e., a year-on-year line loss of -6.8%). The Fixed Voice ARPU of EUR 29.9 was stable compared to the previous year (+0.2%), with the decrease in traffic per line and a higher penetration of unlimited call options compensated for by some price indexations on 1 January 2018.

There is an ongoing migration of legacy Data products to new solutions at more attractive pricing. In this respect, there is only limited erosion of Internet customer base, taking into account the competitive environment.

The Enterprise revenue from Fixed Data totaled EUR 61 million for the fourth quarter of 2018, i.e., down 0.9% compared to the previous year. This included flattish revenue from Data Connectivity, by far the largest part in this product category. The Enterprise segment continued to migrate customers to Proximus' VPN flagship "Explore", benefitting from the further roll-out of P2P fiber, while legacy products are being outphased and migrated in the context of simplification programs, offering customers new solutions at more attractive pricing.

The Enterprise segment continued to face high competition on the low-end and medium-end Internet markets. Nonetheless, Proximus managed to mitigate its fourth-quarter net line loss to around 1,000 Internet lines, mainly low-end lines, bringing the total to 131,000 lines by the end of 2018. This is a steady decrease by 2.6% from one year ago. The lower Internet base was partly compensated for by a 1.5% increase in Broadband ARPU to EUR 44.0, supported by price indexation effects and a growing share of high-end Internet lines in the park.

For the fourth quarter of 2018, the Enterprise segment posted Mobile Services revenue of EUR 80 million, up by 0.9% from the previous year.

The good customer experience provided by Proximus' mobile network and high service levels led to a continued growth in the Enterprise customer base. In a competitive market, the Mobile churn however reached 10.8% in the fourth quarter of 2018, 1.8% higher than for the third quarter of 2018. With the Enterprise segment growing its Mobile Voice base by 7,000 cards in the last quarter of 2018, it closed the year with a Mobile base of 1,028,000, 4.1% higher than the previous year.

The benefit of continued customer growth was partly offset by a lower Postpaid ARPU of EUR 25.0. The year-on-year ARPU decrease remained fairly stable compared to the prior period, i.e., -4.2%, and was the consequence of an ongoing decrease in subscriptions for Roaming Options, customers moving to more advantageous price bundles, and competitive price pressure. Besides a growing mobile customer base, the mobile revenue also benefited from growing data usage per customer. In the fourth quarter of 2018, the average national data usage was above 1.7 GB/user/month, up by 32% compared to a year ago.

The Enterprise segment posted a strong increase in M2M for the last quarter of 2018 with an additional 53,000 activated M2M cards, of which half was related to the activation of Road User Charging cards. This brought Proximus' total number of M2M cards to 1,327,000 at the end of 2018, or a 9.7% increase from the previous year. Proximus' Enterprise segment maintained its leadership position on the M2M market.

Proximus' Enterprise segment continued to benefit from its expanded ICT portfolio. Over the past year, Proximus has acquired some small-sized, but highly specialised companies: ION-IP, Umbrio and Codit. These

companies support the cornerstone of Proximus' strategy to help its enterprise customers in their digital transformation journey. The acquired skills are highly complementary to Proximus' established leadership in network connectivity, IT and managed services. The acquired companies accelerated the shift towards more value-adding services. With the revenue from these companies included, Enterprise ICT revenue totaled EUR 147 million, up by 3.9%, from a high 2017 comparable base which included one-off revenue.

## **WHOLESALE**

Proximus' Wholesale segment reported fairly stable revenue of EUR 51 million for the fourth quarter of 2018. Within the mix, roaming revenue was up on higher traffic volumes, offsetting the impact from lowered wholesale rates, negotiated in the Group's interest. The increase in roaming traffic revenue was however offset by lower revenue from traditional wholesale services.

## **BICS (INTERNATIONAL CARRIER SERVICES)**

For the fourth quarter of 2018, the total revenue of BICS grew to EUR 341 million, 0.5% up from the comparable period in 2017, with the consolidation of TeleSign annualising 1 November. In line with the ongoing market trend, BICS' revenue mix moved further from Voice to Data.

In the last three months of 2018, BICS carried 6.3 billion minutes, 3.5% more than in the comparable period of 2017. The higher Voice volumes was however offset by a less favorable revenue destination mix, though with limited unit margin erosion. This resulted in a 6.1% decline in Voice revenue in comparison to the previous year.

Messaging volumes carried by BICS continued to rise steeply, up by 40.7% from the last quarter of 2017. This was driven by rising A2P volumes, supported by TeleSign in this growing market. This led to continued solid revenue growth of 18.6% for non-Voice, reaching EUR 107 million in the fourth quarter of 2018.

## **REGULATION**

### **INTRODUCTION**

Proximus is active on the Belgian telecommunications market that is regulated through laws adopted by the Parliament, secondary legislations and regulators' decisions.

Proximus, as an operator with Significant Market Power (**SMP**), is subject to a series of obligations which do not apply to its competitors (except for those that are also designated as an SMP operator in a specific market).

### **THE EUROPEAN AND BELGIAN FRAMEWORK**

The law currently in force in Belgium is the law on electronic communications of 13 June 2005 (the **2005 Law**) (*Wet betreffende de elektronische communicatie/Loi relative aux communications électroniques*) that implemented the 2003 European Framework. The 2005 Law was amended several times.

At EU level, the telecom review by way of the so-called "*European Electronic Communications Code*" (the **Code**) was published in the Official Journal of the EU on 17 December 2018. The Code overhauls the previous EU telecoms regulation and entered into force on 20 December 2018. Member states have until 21 December 2020 to transpose it into national law. This text is an important piece of European legislation that will determine the regulation of telecommunication networks and services in Europe for the next decade. See also section "*Review of the EU telecom framework*" for further details.

## **COOPERATION AGREEMENT BETWEEN THE FEDERAL STATE AND THE “COMMUNITIES”**

Under the Belgian constitutional regime, telecommunications falls within the competency of the Federal State while matters related to broadcasting are considered cultural matters falling under the competency of the Flemish, French-speaking and German-speaking communities (the **Communities**). When a network or service relates to telecommunications and broadcasting both the federal authorities and the Communities are competent.

A cooperation agreement was concluded between the Federal Government and the Communities' Governments to ensure the regulation of the networks used jointly for telecommunications and media purposes. This agreement entered into force on 19 September 2007.

Under the cooperation procedure, the draft decisions of the different regulators may have to be submitted to the Conference of Regulators (**CRC**) (composed of members of the Belgian Telecom Regulator, BIPT, and of the Communities regulators, i.e., the Flemish media regulator VRM, the media regulator of the French community CSA and the media regulator of the German community Medienrat) who should take the decisions by consensus. In case of disagreement, the decision will be referred to a committee of ministerial representatives.

## **SPECIAL STATUS OF OPERATORS WITH SIGNIFICANT MARKET POWER**

The regulation process is defined, inter alia, by the results of the analysis of certain markets and by the definition of “remedies” (obligations) imposed to operators designated as having Significant Market Power (**SMP**).

Pursuant to the EU framework and the 2005 Law, the Belgian regulators are required to perform an analysis of the markets on the basis of the principles set out by the Commission in its Recommendation on relevant markets and its Guidelines and assess which are competitive and which are not. Based on this analysis, the regulators are required to impose regulatory obligations and/or amend existing obligations on operators with SMP or withdraw existing obligations if the market is considered as competitive. The obligations that can be imposed at wholesale level are access, transparency, non-discrimination, accounting separation, price control, cost accounting and functional separation. At retail level, the list of “appropriate” remedies contains retail tariff regulation, no undue preference to specific end-users and not unreasonably bundled services. Power over remedies imposed by regulators is shared by the Commission and the body of European Regulators, BEREC. In practice, the Commission can propose binding decisions to address inconsistent regulatory approaches of regulators on market analysis notifications.

As regulators of the sector, BIPT, jointly with the Communities regulators for certain markets, is in charge of the analysis of the markets identified by the Commission as susceptible to be subject to ex ante regulation.

Under the 2005 Law, BIPT must impose only those regulatory obligations that are necessary and proportionate to solve the competitive problem identified and must only impose regulatory obligations if general competition law does not suffice to remedy these competitive problems.

The analysis of the markets must in principle be updated every three years or any time after adoption of a new Commission Recommendation, at which time BIPT will need to reassess the regulatory obligations it has imposed.

In Belgium, the markets that are currently regulated are the wholesale fixed and mobile call termination markets, the wholesale local access market (ex-wholesale (physical) network infrastructure access (including shared or fully unbundled access)), the wholesale central access (ex-wholesale broadband access), the wholesale high-quality access (ex-wholesale terminating segments of leased lines including Next Generation Leased Lines (NGLL)) and the (cable) television market.

On 7 December 2018, BIPT adopted a decision deregulating the fixed retail telephony access market and the fixed wholesale call origination market and withdrawing the obligations imposed to Proximus on these markets in 2013 and 2006 respectively (such as non discrimination, communication of information on network evolution, accounting separation, cost orientation, and prohibition of predatory prices, price squeeze and unjustified bundlings). The decision entered into force on 1 February 2019. Proximus has to include an addendum in its BRIO reference offer, where it explains that it will continue to offer CS and CPS services on a voluntary basis until 31 December 2022, except if some conditions have been met in the meantime, and that it will continue to offer Value Added Services on a voluntary basis until 31 December 2019.

On 23 November 2018, BIPT adopted a decision concerning the review of the fixed termination market, replacing the previous market analysis of 2 March 2012. BIPT designated Proximus (including Scarlet) as well as 27 alternative operators (including the cable operators) as having Significant Market Power (**SMP**) on this market. BIPT imposes the following obligations to all these operators: access and interconnection, cost orientation, non-discrimination, and transparency. In addition, Proximus is subject to an obligation of cost accounting and publication of a reference offer. The access obligation also covers IP interconnect (see also section “*Termination Rates*”).

On 29 June 2018, the Belgian regulators published their final decisions on the review of the broadband and television market analysis. These decisions have confirmed the deepening of the cable regulation and the extension of Proximus’ regulation from its copper to its fibre network. See also section “*Cable and broadband regulation*”.

The ‘high quality broadband services’ (leased lines/connectivity) are not addressed in these decisions. The review thereof is planned in the course of 2019.

## **TERMINATION RATES**

The termination rates are the fees that fixed and mobile operators pay to other fixed and mobile operators to terminate a call on their network.

The Mobile Termination Rates (**MTR**) remained unchanged in 2018. In Belgium, they have been set at 0.99 eurocent/minute for the period 2017-2019 by BIPT and in Luxembourg they have been set at 0.89 eurocent/minute since 1 July 2017 until 31 December 2019.

On 23 November 2018, the BIPT defined new Fixed Termination Rates (**FTR**) at 0.116 eurocent/minute (from 0.709 eurocent for regional and 0.909 eurocent for national previously) based on a pure LRIC (Long Run Incremental Cost) model. The FTR applies since 1 January 2019. Local call termination is no longer considered since Proximus closed the last local access points in 2017. See also section “*Special status of operators with significant market power*”.

In Luxembourg maximum FTR were set by a Regulation of 28 November 2016 at 0.131 eurocent/minute for 2017, 0.135 eurocent/minute for 2018 and 0.138 eurocent/minute for 2019 (from 0.14 eurocent/minute previously).

## **SPECTRUM**

Belgium has currently four licensed mobile network operators: Proximus, Orange, Telenet (which acquired BASE from KPN in 2016) and Vocom (formerly BUCD BVBA). Telenet and Voo also currently operate as full MVNO.

Proximus currently holds spectrum in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz bands to offer best in class customer experience.

Proximus 800 MHz license was granted on 12 November 2013 and runs until 29 November 2033. During the auction, three blocks of 2 x 10 MHz were sold at the minimum price of EUR 120 million each. Proximus has decided to pay the concession fee in annual instalments. Each lot entails national coverage obligations (with a minimum speed of 3 Mbps): 30% by November 2015, 70% by November 2017 and 98% by November 2019.

Proximus currently holds 2 x 12.4 MHz in the 900 MHz band. Its initial rights were extended for the second time in April 2015 (and are valid until 15 March 2021) for a unique fee of EUR 75 million. In November 2015, Proximus acquired additional spectrum in this band and paid EUR 16 million for this spectrum (also valid until March 2021). For both fees, Proximus has decided to use the yearly instalment scheme.

Concerning the 1800 MHz band (also valid until 15 March 2021), Proximus also acquired additional spectrum in November 2015 to reach 124 channels (2 x 24.8 MHz) at no additional cost except the usage fee.

The 2100 MHz license granted in 2001 and for which Proximus paid EUR 150 million, is valid until 15 March 2021.

At last, Proximus is also holder of usage rights in the 2600 MHz band that it acquired in July 2012 for a fee of EUR 20.22 million (one-off payment). This license runs until 20 June 2027 and has no coverage obligation.

The allocation of new spectrum will also be key in the years to come due to the strong increase of mobile data traffic.

The Belgian Government is currently preparing a multi-band spectrum auction and, in this context, prepared draft legislation defining the conditions for the renewal of the existing 2G/3G spectrum (900MHz, 1800MHz and 2100MHz licenses due to expire on 21 March 2021) as well as for the granting of new 5G spectrum (700MHz, 1400MHz and 3500MHz) and unsold spectrum in the 2100MHz and 2600MHz bands.



Based on the July 2018 proposals, all licenses would be valid for 20 years with the possibility to extend by five-year periods. The total reserve price (minimum price) would be around EUR 670 million for the whole market, with the final outcome fully depending on the result of the auctions. These proposed texts also include favourable conditions for new entrants (spectrum reservation in the 700MHz, 900MHz, 1800MHz and 2100MHz bands, national roaming obligation and less stringent coverage obligations).

Some spectrum would also be reserved for the existing operators in the 900MHz, 1800MHz and 2100MHz bands. The amount of spectrum reserved would depend on the presence or not of a new entrant. Specific obligations would also be imposed to 700MHz operators concerning the railway coverage and the provision of national roaming and specific services for Astrid, the operator in charge of the management of all emergency and security services in Belgium.

As the final texts have not yet been approved, the timing and the final conditions of the auctions remain uncertain. Depending on the timing of the final approval of the texts (before or after the elections which are planned to take place in May 2019), the spectrum auction could be organised either at the end of 2019 or could be further postponed.

## **CABLE AND BROADBAND REGULATION**

After the European Commission granted its green light at the end of May 2018, the Belgian regulators published their final decisions on 29 June 2018 on the review of the broadband and television market analysis. The new decisions confirm the deepening of the cable regulation and the extension of Proximus' regulation from its copper to its fibre network. Proximus' planned network topology is not impacted by these decisions.

Overall, the new fibre regulation is in line with the wholesale strategy of Proximus to open its networks to other operators, and therefore no negative implications are expected in the near term. During the past years, Proximus developed and evolved its wholesale offer and signed several commercial agreements with its main broadband wholesale customers.

Cable operators are obliged to give access to a stand-alone broadband service, except for the television service, whereas under the previous decision of 2011 operators only had to provide access to a joint broadband and television resale offer. Cable operators are furthermore also required to make it possible for alternative operators to provide voice telephone services via the regulated access.

In terms of fibre pricing, the regulators have imposed a "*fair pricing*" rule (i.e., the requirement that the price is based on the current costs, increased with a reasonable profit margin), be it as a yard stick to identify excessive pricing. This principle is also applied to cable (which was based on the "*retail minus*" principle under the former market analysis). The obligation to apply these fair prices must be monitored by means of cost models reflecting the costs of an efficient operator. In this context, the BIPT launched a consultation on 13 December 2018 on cost models that will be used to evaluate the fair pricing. The regulators announced that they will take a decision on the wholesale prices in 2019. In the meantime, the intermediary tariffs set by the decisions of June 2018 remain applicable.

The decisions have also established a clear framework for reciprocal access between cable and fibre. It was furthermore confirmed that Proximus is allowed to access cable where there is no own coverage (and no viable business case to build).

The regulation also allows for differentiation according to geographic area. It will take a lighter touch in areas where at least three operators, based on own infrastructure, offering at least 30 Mbps are active, as well as in areas lacking broadband infrastructure, in order to encourage investment.

Both Telenet and VOO (Brutélé and Nethys) lodged an appeal against these decisions and are demanding for its suspension and annulation. On 30 January 2019, the Market Court (ex-Brussels Appeal Court) decided to reject the suspension request. The request for annulment will be dealt with at a later stage and a judgment is expected in 2019. In the meantime, the decisions remain in force.

## **INTERNATIONAL ROAMING**

The "Roam-Like-At-Home" (RLAH) that completely abolished the roaming surcharges has been applicable since June 2017. Since then, all of Proximus' customers can surf, call and text within the European Union like at home, without extra charges within the "Fair Use Policy" (FUP) aimed at preventing abusive usage of retail roaming services beyond periodic travelling in the European Union. An interim report presented by the European Commission on 14 December 2018 shows that mobile data roaming usage in the European Union has increased five-fold since the introduction of RLAH.

In 2017, a decision to gradually reduce roaming wholesale prices over five years was also decided. This applies as follows:

Wholesale price caps (EUR excl. VAT)

|                | 2015 | 30/04/16 | 15/06/17 | 2018  | 2019  | 2020   | 2021   | 2022   |
|----------------|------|----------|----------|-------|-------|--------|--------|--------|
| Voice call/min | 0.05 | 0.05     | 0.032    | 0.032 | 0.032 | 0.032* | 0.032* | 0.032* |
| SMS            | 0.02 | 0.02     | 0.01     | 0.01  | 0.01  | 0.01*  | 0.01*  | 0.01*  |
| Data/GB        | 50   | 50       | 7.7      | 6     | 4.5   | 3.5*   | 3*     | 2.5*   |

\* 2020 tariffs and beyond are subject to Commission review.

The Commission will present a comprehensive report on the review of the RLAH rules in December 2019. It is also tasked with reviewing the wholesale rates every two years. Its first report, which, if necessary, will be accompanied by a legislative proposal to amend the maximum wholesale charges, is scheduled to be published on 15 December 2019.

## CONSUMER PROTECTION

Consumer protection is subject to special scrutiny by the Belgian authorities.

The 2005 Law contains a number of rules aimed at protecting end-users, mainly by ensuring more transparency. This law has been modified several times in this respect and, in July 2017, the Parliament adopted a modification imposing, in particular, measures in case of non-payment of invoices. The new obligations foresee that the first reminder must be for free and a ceiling of EUR 10 is set for the subsequent reminders. The fee for the reactivation of the services after a full cut is capped at EUR 30 for all services.

Another change decided by the Government sets the legal basis for the automatic introduction of the recent usage data of a customer in the BIPT “tariff simulator”. The modalities have been defined by a Royal Decree of 2 September 2018. The new rules aim at allowing the clients to identify more easily their “*best tariff plan*”, based on their real usage profile. The operators will have to put an URL (for each service) at the disposal of their clients in their e-services. The new Royal Decree also foresees a link from the tariff simulator into the client zone of the operator allowing to transfer the usage data to the tariff simulator.

A Royal Decree of 12 December 2018 has established the responsibilities of the telecom operators and the service providers concerning the premium rates services. The rights of the consumers are being reinforced entitling them to receive refund for undue payments via their telecom operator.

BIPT puts a strong focus on transparency about the availability of fixed and mobile networks in Belgium. Through its “Atlas” project, BIPT publishes maps showing the coverage of the mobile and fixed networks. On 15 February 2019, the Atlas has been complemented by including information concerning mobile customer experience.

The mobile maps enable customers to verify the coverage of each of the three mobile operators (Telenet/Base, Orange and Proximus), individually or together, on the map of Belgium.

On 15 February 2019, the BIPT published the latest edition of its maps, showing for the first-time different coverage levels (very good/deep indoor, good/indoor, satisfactory/outdoor) instead of one layer previously. The new maps show that Proximus has the most extensive coverage for both 4G and 3G. These maps are accompanied by the results of a study comparing the quality of the experience offered by the three mobile operators. These results show that Proximus performs best for a large number of KPIs. A new smartphone application now also allows citizens to participate in the coverage and quality measurement.



The coverage maps show the aggregated fixed broadband coverage of Proximus and the cable operators together of June 2018 expressed in terms of households and population by six download speed categories (1 Mbps, 10 Mbps, 30 Mbps, 50 Mbps, 100 Mbps and 200 Mbps) at distinct geographical granularities (statistical sector, municipality, district (*arrondissement*), province, region and country). The last maps published on 15 February 2019 confirm Belgium's top ranking of high speed networks in European benchmarks.

The "Easy Switch" procedure launched by BIPT at the request of the Telecom Minister to facilitate the switch-over for fixed services (voice, internet, television and packs) effectively entered into force on 3 July 2017. When customers decide to switch their provider, they now only need to inform their new provider who then takes care of all necessary measures to ensure a smooth transition of the services. The new obligations will be reassessed by BIPT by 1 July 2019.

The identification of old and new prepaid cards is now mandatory under Belgian law. This measure is meant to increase the possibility for the authorities to identify users in case of criminal activities. Proximus implemented different solutions in order to make it easier for its customers to identify their prepaid cards. After 7 September 2017, the deactivated cards which were not identified were removed from Proximus' park.

## **UNIVERSAL SERVICE**

In 2013 the mandatory provision of payphones, directory enquiry services and paper and electronic directories were removed from the Belgian universal service scope and Proximus was released of the obligation to provide fixed connections. BIPT currently considers that the Belgian sector provides sufficient solutions that make the designation of a universal service provider unjustifiable.

## **NET NEUTRALITY**

"Net neutrality" represents the idea that equivalent types of traffics should be treated equally when providing internet access services. The EU Telecom Single Market Regulation of 25 November 2015 fixes the principle of Net neutrality into EU law and prevents any kind of discrimination in the provision of online content, applications and services. It has been applicable since 30 April 2016 and has been complemented by Guidelines adopted on 30 August 2016 by the body of European Regulators, BEREC. These aim to provide guidance to the national regulators. The Guidelines cover issues related to commercial practices (such as "zero-rating", i.e., apps not counted in the data allowance), traffic management measures and specialised services. They also define how regulators should realise their supervision, enforcement and reporting duties. Both the Regulation and the Guidelines provide the overall Net neutrality framework on which regulators have to rely to exercise their control function.

The European Commission has to prepare a first reporting on the implementation of the Regulation to the European Parliament and Council by the end of April 2019. The report should also evaluate the Regulation and, if relevant, suggest adaptations. BEREC on its side issued a report on 13 December 2018 stating that the Regulation and the Guidelines are working well. Nevertheless, BEREC considers that its Guidelines could be clearer regarding certain aspects, such as zero-rating, traffic management or specialised services. A draft update of the Guidelines is expected to be published in the course of 2019.

In Belgium, the BIPT is also closely monitoring how the offers of the different operators comply with the Net Neutrality rules. Its second annual monitoring report published in June 2018 concluded that there are no major reasons for concern in Belgium as regards open Internet access.

## **REVIEW OF THE EU TELECOM FRAMEWORK**

The EU Telecom review, the so-called "*European Electronic Communications Code*" (the **Code**) was published in the Official Journal of the EU on 17 December 2018. The Code overhauls the previous EU

telecoms regulation and entered into force on 20 December 2018. Member states have until 21 December 2020 to transpose it into their national law. This text is an important piece of European legislation that will determine the regulation of telecommunication networks and services in Europe for the next decade.

In the margin of the Code, the European legislators also adopted an amended Regulation on BEREC and a Regulation inserting caps on intra-EU call and SMS prices (i.e., calls and SMS to another EU country). The new caps will take effect as from 15 May 2019 at 19 eurocents/minute for calls and 6 eurocents/minute for SMS.

On spectrum, it has been decided to set a minimum duration of fifteen years for the licenses with five-year extensions as well as to perform a voluntary peer review process for the spectrum auctions as part of efforts to coordinate spectrum terms more across the European Union. 5G spectrum should be made available before the end of 2020.

The Code also foresees new access regulation measures designed to support the roll-out of fibre, such as an exemption of ex-ante regulation for operators with Significant Market Power (**SMP**) committing to co-investment plans and a so-called “*symmetric regulation*” on oligopoly markets imposing rules on non-SMP operators if SMP ex-ante regulation is deemed not to be sufficient.

Consumer protection is characterised by harmonisation and broadening, but a lot of new elements are inspired by rules that have already been imposed in Belgium (e.g. rules related to switching customers from providers, called “Easy Switch” in Belgium).

The future Universal Service will be limited to access to network and social tariffs. An adequate and affordable connection on a fixed location for broadband internet remains at the center of the Universal Service. The Code leaves it up to the Member states to define the adequate broadband speed, taking into account several factors (in Belgium, it is currently set at 1 Mbps). Financing will be possible through the general state budget or shared among operators (industry fund). The requirement of determination of an unfair burden remains.

In the context of its Digital Single Market Strategy (**DSM**), the European Commission released, on 10 January 2017, a package on the review of the privacy rules in the electronic communications sector. The draft e-Privacy Regulation (**ePR**) has an extended scope, covering not only traditional electronic communications services (**ECS**) but also certain Internet communication services offering interpersonal communication. Companies that breach the rules could face fines of up to EUR 20 million or 4% of their worldwide annual turnover. The ePR is intended to complement the new General Data Protection Regulation (**GDPR**) that entered into force on 25 May 2018, and is applicable to all sector.

The EU Parliament has adopted its own position on the draft in October 2017, but so far the EU Council failed to reach an agreement due to complex legal and technical questions. The timing of adoption therefore still remains very uncertain.

On 28 November 2018, the new Audio-visual Media Service (**AVMS**) Directive was published. The new text modifies a directive from 2010. Since then, the market for these services has evolved significantly. Rapid technical developments have sparked new types of services, viewing habits have changed and user-generated content has gained in importance. The legal framework has been updated to take account of these developments. The AVMS Directive entered into force on 18 December 2018. Member states have to transpose it into their national legislations within 21 months.

The AVMS Directive now also addresses video-sharing platforms (such as YouTube) and audiovisual content shared on social media services (such as Facebook) that will have to comply with certain rules on commercial communication/advertising and to restrict minors’ access to harmful content.

New quotas are set for on-demand services (at least 30% share of European content in the catalogues). The rules to protect minors are aligned for all services (linear and on-demand) and the accessibility obligation for disabled users are strengthened. To be noted in this respect is that the Belgian *Conseil supérieur de l'audiovisuel* (CSA) has adopted on 17 July 2018 new measures to increase accessibility of programmes (quotas of programmes with specific subtitling and audio-description).

## **ROLE AND AUTHORITY OF THE NATIONAL TELECOM REGULATOR (BIPT)**

The Belgian Institute for Postal services and Telecommunications, commonly referred to as the 'BIPT', operates in Belgium as a federal sector-specific regulator for both the post and the telecoms sector.

Its missions are primarily defined in the law of 17 January 2003 on the BIPT status and in the law of 13 June 2005 on electronic communications. BIPT has a mandate to monitor markets, tariffs and implementation of cost orientation, as well as interconnection and access obligations. BIPT controls the compliance with the user protection rules.

In addition, BIPT must perform the market analysis on a regular basis. It also has the authority to grant authorisations and the final authority to approve reference offers.

In case of infringement, BIPT may impose to remedy (immediately or within its own set timing). The obligation to remedy can be accompanied by measures to remedy and/or administrative fine (max. 5% of annual turnover). If remedies are not sufficient, a new fine can be imposed (up to a maximum of 10% of annual turnover). BIPT can also make retroactive decisions to correct decisions annulled by a court. The BIPT has, since March 2014, the power to impose fines without prior formal notice (even for past infringements).

The BIPT Council is the head of BIPT and is responsible for overseeing the day-to-day operations of BIPT. It also has the power to represent BIPT before the courts and to perform all actions required for carrying out the missions of BIPT. BIPT must fund its operations from the proceeds received from licensing and other fees paid by all licenced operators, with the exception of concession fees paid by the mobile operators. In December 2016, a new BIPT Council was designated for a six-year term. Michel Van Bellinghen was appointed as President of the Council. Members are Jack Hamande, Luc Vanfleteren and Axel Desmedt.

Another law adopted on 17 January 2003 provides for an appeal procedure against BIPT decisions. Third parties, including the Telecom Minister, may appeal against BIPT decisions to the Brussels Appeal Court pursuant to a summary procedure that is normally applied to matters of special urgency. These appeals do not have a suspensive effect unless the Court grants such effect to the appeal. An amendment of this law in July 2017 transferred the dispute resolution regarding, among others, interconnection, special access and unbundling of the local loop from the Belgian Competition College to BIPT. In addition, BIPT still intervenes in these disputes between operators, in particular through conducting its own proceedings. BIPT also has an arbitration power in case of disputes between operators. The law of July 2017 also extended the cases where BIPT may take provisional measures.

Under Belgian's institutional system, radio and television broadcasting fall within the competences of the regional authorities (the Communities). Specific regulators have been created: CSA (*Conseil Supérieur de l'Audiovisuel*) in the French-speaking community; VRM (*Vlaamse Regulator voor de Media*) in the Flemish community and Medienrat in the German-speaking community. For Brussels, the Federal State is competent and BIPT has been designated as the regulator for the media sector.

The increased convergence has led the Belgian telecoms and media authorities to intensify their collaboration in particular when regulating broadcasting and broadband markets (in application of the cooperation agreement concluded in 2007) (see above).

## COOPERATION WITH JUSTICE, SECURITY AND EMERGENCY SERVICES

Pursuant to the Code on Criminal Procedure, the judicial authorities can order telecoms network operators and telecoms service providers amongst others to identify a subscriber of a telecoms service or to tap or record private communications. A Royal Decree of 8 November 2016 aimed at a reform of the cost reimbursement related to the legal obligation for collaboration with judicial requests. The Royal Decree includes a simplified price list with only four specific price elements and a lump sum for the remaining requests. Further automation of the processes for identification, both at operator and Justice level, should further reduce costs. The new tariffs are based on a cost model designed by BIPT and its consultant. The new methodology leads to a further reduction of the cost reimbursement to operators for the collaboration with judicial authorities (another decrease had already been implemented in 2013). The Royal Decree entered into force on 1 January 2017.

A new data retention law was published on 18 July 2016 introducing new obligations on data retention, notably in relation to internet and telecom services. On 21 December 2016, the Europe's highest court ruled that Member States may not impose a general obligation on telecom operators to retain data. According to the ruling, data retention is admissible under EU law only in instances where it is targeted (place, time or people "likely to be involved in a serious crime"), limited to what is strictly necessary and subject to conditions (e.g., prior review by an independent authority, etc.). The ruling of the European Court of Justice now sets strict limits on any national legislation that requires telecom operators to make data available to the police. The *Ligue des Droits de l'Homme/Liga voor Mensenrechten* filed an appeal against the Belgian law before the Constitutional Court.

The 2005 Law obliges the telecoms operators to contribute to the costs of the emergency services centers. If operators deploy new technologies, they should contribute to the costs for changing the interfaces to the emergency services (e.g. introduction of emergency calls via SMS or localisation of mobile caller). The costs are to be shared between all operators based on the number of active fixed lines and active mobile users. A fund for the emergency services was created and is managed by BIPT. Payments are executed.

A modification of the Telecom Law was published in the Official Journal on 19 December 2016. This law aims at: (i) implementing the Alert-SMS system, used to alert the population in case of an imminent threat or major disaster and (ii) compelling the mobile operators to send the messages communicated by BE-ALERT (i.e., the central communication platform of the Minister of Internal Affairs) to the population in a specific area. The platform BE-Alert aims to harmonise the alert systems used by the different authorities. The Royal Decree of 23 February 2018 includes the detailed operational modalities and the implementation timeframe.

On 14 December 2017, BIPT took a decision on the notification modalities for telecom operators and service providers in case of network and service incidents. This decision, which replaced a decision of April 2014, modifies the thresholds and the procedure for the notifications. Since 1 January 2018, each incident should be notified if one of the following criteria is met: (i) an incident impacting 25,000 users (where previously this was 540,000) which is not solved within one hour, (ii) an incident impacting the access to emergency services, (iii) an incident impacting interconnection services with an impact on other operators, or (iv) an incident linked to critical infrastructure. A short notification has to be sent immediately after the incident and a more detailed one within five working days.

On 29 May 2018, a Ministerial Decree related to the numbers used for eCall systems in cars was published. eCall is a type of mobile phone system installed in cars which will automatically call 112 in case of a car accident and send satellite based location information to the emergency services. This should reduce the intervention time of the emergency services. Since March 2018, a European decree imposes the installation of an eCall system in all new car models in Europe. The Royal Decree of 27 April 2007 concerning the management of the national numbering plan only allows the use of Belgian numbers, unless there is an

exception from the Minister. The new Ministerial Decree now allows the eCall systems to use foreign numbers (mobile telephone numbers and IMSI numbers) on a permanent basis in Belgium.

## USE OF PUBLIC DOMAIN

Based on Article 98, § 2 of the Law of 21 March 1991, the use of the public domain by telecommunication operators cannot be taxed or otherwise encumbered. However, as the Regions have competence regarding the legal regime of their own road infrastructure and that of the municipalities, they can impose (or authorise the municipalities to impose) an authorisation system and retributions for the private use of their public domain. According to Article 173 of the Constitution, this retribution must be a fee asked for an individual service rendered by the public authority and proportioned with the cost linked to the service. Article 98, § 2 of the Law of 21 March 1991 is no longer applicable for works using the public roads in the Brussels Region.

## LITIGATION

The Issuer's policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by foreign countries, the EU, as well as applicable labour laws.

The complexity of the legal and regulatory environment in which the Issuer operates and the related cost of compliance are both increasing due to additional requirements. Furthermore, foreign and supranational laws occasionally conflict with domestic laws. Failure to comply with the various laws and regulations as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result in damage to the Issuer's reputation, liability, fines and penalties, increased tax burden or cost of regulatory compliance and impacts of the Issuer's financial statements.

The telecommunications industry and related service businesses are characterised by the existence of a large number of patents and trademarks. Litigation based on allegations of patent infringement or other violations of intellectual property rights is common. As the number of entrants into the market grows and the overlap of product functions increases, the possibility of an intellectual property infringement claim against Proximus increases.

Proximus is currently involved in various claims and legal proceedings, including those for which a provision has been made and those described below for which no or limited provisions have been accrued, in the jurisdictions in which it operates concerning matters arising in connection with the conduct of its business. These include also proceedings before the Belgian Institute for Postal services and Telecommunications (BIPT), appeals against decisions taken by BIPT, and proceedings with the tax administrations with respect to real estate withholding taxes and corporate income taxes and local taxes.

1. Between 12 and 14 October 2010, the Belgian Directorate General of Competition started a **dawn raid** in Proximus' offices in Brussels. This investigation concerns allegations by Orange (Mobistar at the time of the complaint) and KPN/Base regarding the wholesale DSL services of which Proximus would have engaged in obstruction practices. This measure is without prejudice to the final outcome of the full investigation. Following the inspection, the Directorate General of Competition is to examine all the relevant elements of the case. Eventually the College of Competition Prosecutors may propose a decision to be adopted by the Competition Council. During this procedure, Proximus will be in a position to make its views heard. (This procedure may last several years). During the investigation of October 2010, a large number of documents were seized (electronic data such as a full copy of mail boxes and archives and other files). Proximus and the prosecutor of the Competition Authority exchanged extensive views on the way to handle the seized data. Proximus wanted to be sure that the lawyers "legal privilege" (LPP) and the confidentiality of in house counsel advice were guaranteed. Moreover, Proximus sought to prevent the Competition Authority from having access to (sensitive) data that were out of scope. Not

being able to convince the prosecutor of its position, Proximus started two proceedings, one before the Brussels Appeal Court and one before the President of the Competition Council, in order to have the communication of LPP data and data out of scope to the investigation teams suspended. On 5 March 2013, the Appeal Court issued a positive judgment in this appeal procedure by which it ruled that investigators had no authority to seize documents containing advice of company lawyers and documents that are out of scope and that these documents should be removed/destroyed. To be noted that this is a decision on the procedure itself and not on the merits of the case. On 14 October 2013, the Competition Authority launched a request for cassation against this decision. Proximus has joined this cassation procedure. Eventually, on 22 January 2015, the Supreme Court decided to confirm the judgement of 5 March 2013, except for a restriction with regard to older documents, which was annulled. It is now up to the Court of Appeal to take a new decision on this restriction.

In March 2014 KPN has withdrawn its complaint; Orange remaining the sole complainant.

2. In October 2009, seven parties (Telenet, KPN Group Belgium (formerly Base), KPN Belgium Business (Tele 2 Belgium), KPN BV (Sympac), BT, Verizon, Colt Telecom) filed an action against Belgacom mobile (currently Proximus and hereinafter indicated as Proximus) before the Commercial Court of Brussels formulating allegations that are similar to those in the case mentioned above (including Proximus-to-Proximus tariffs constitute an abuse of Proximus's alleged dominant position in the Belgian market), but for different periods depending on the claimant, in particular, in the 1999 up to now timeframe (claim for EUR 1 provisional and request for appointment of an expert to compute the precise damage). In November 2009 Mobistar filed another similar claim for the period 2004 and beyond. These cases have been postponed for an undefined period. Following a settlement with Telenet and following the aforementioned settlement, the only remaining claimants are BT, Verizon and Colt Telecom.
3. In the proceedings following a complaint by KPN Group Belgium in 2005 with the Belgian Competition Authority the latter confirmed on 26 May 2009 one of the five charges of abuse of dominant position put forward by the Prosecutor on 22 April 2008, i.e. engaging in 2004-2005 in a "price-squeeze" on the professional market. The Belgian Competition Authority considered that the rates for calls between Proximus customers ("on-net rates") were lower than the rates it charged competitors for routing a call from their own networks to that of Proximus (= termination rates), increased with a number of other costs deemed relevant. All other charges of the Prosecutor were rejected. The Competition Authority also imposed a fine of EUR 66.3 million on Proximus (former Belgacom Mobile) for abuse of a dominant position during the years 2004 and 2005. Proximus was obliged to pay the fine prior to 30 June 2009 and recognised this charge (net of existing provisions) as a non-recurring expense in the income statement of the second quarter 2009. Proximus filed an appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, contesting a large number of elements of the ruling: amongst other the fact that the market impact was not examined. Also KPN Group Belgium and Orange (Mobistar at that time) filed an appeal against said ruling. The parties are exchanging briefs to organise the access to the file. Following the settlement agreement dated 21 October 2015, the appeals of Base and Orange against the decision of the Belgian Competition Authority were withdrawn. Proximus will continue its appeal procedure against the decision.
4. On 25 August 2016, the BIPT issued a decision regarding the fixed termination rates (**FTR**) setting these tariffs at 0.092 eurocent/min. (from 0.502 eurocent/min. for local, 0.709 eurocent/min. for regional (intra access area) and 0.909 eurocent/min. for national (extra access area), as from 1 November 2016. The BIPT has decided to align the national termination rate with the rates of local and regional termination services. On 26 October 2016 Proximus lodged an appeal requesting the annulment of the BIPT decision. On 15 March 2017, the Brussels Appeal Court annulled the BIPT decision of 25 August 2016 setting new FTR (at 0.092 eurocent/minute), based on procedural grounds (more specifically the fact that there was

no notification to the Competition Authority). On 23 March, the BIPT published a press release indicating that the tariffs in force before 1 November 2016 (i.e., the date of entry into force of their decision) are back into force. These tariffs were 0.502 eurocent/minute for local, 0.709 eurocent/minute for regional (intra access area) and 0.909 eurocent/minute for national (extra access area). BIPT has therefore decided not to take a so-called (retroactive) “repair” decision, but is currently working on a new market analysis that should be submitted to consultation “still this year”.

5. BICS NV received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS NV in the period 1 April 2007 to 31 March 2010. BICS NV filed appeals against the above assessments with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS NV is opposing the assessment in relation to the period 1 April 2008 to 31 March 2010 on procedural grounds. The amount of the contingent liability including late payment of interest is not expected to exceed EUR 25 million. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognised in the financial statements of Proximus reflects the best estimate of the probable final outcome.
6. The European Court of Justice confirmed in two Proximus cases of December 2015 that a tax on pylons is not, per se, in contradiction with European law. Proximus continues to file tax complaints and to launch legal proceedings with respect to tax on pylons tax bills received from municipalities and provinces in the three regions based on other arguments. New evolutions in jurisprudence in 2018 led the Group to reassess the liabilities related to Taxes on Pylons for past litigations in 2018. This resulted in an increase of cost of EUR 20 million for previous years. The position as recognised in the financial statements of Proximus reflects its management’s best estimate of the probable final outcome.

## MANAGEMENT

### Proximus Governance Model

Proximus is aware that doing business the right way is its license to operate. It never wants to be put at the center of ethical dilemmas and it therefore puts the right measures in place to ensure its business is conducted ethically. Firstly, this requires it to have a clear governance model which, for Proximus, as a limited liability company under public law, is imposed by the Law of 21 March 1991 on the reform of certain autonomous economic public companies (the **1991 Law**). For matters not explicitly regulated by the 1991 Law, Proximus is governed by Belgian Companies Code and the 2009 Belgian Corporate Governance Code.

The key features of Proximus’ governance model are:

- a Board of Directors, which defines Proximus’ general policy and strategy and supervises operational management;
- an Audit and Compliance Committee, a Nomination and Remuneration Committee, and a Transformation and Innovation Committee (formerly the Strategic and Business Development Committee) created by the Board of Directors within its structure;
- a Chief Executive Officer (CEO) who takes primary responsibility for operational management, including, but not limited to, day-to-day management;
- an Executive Committee which assists the CEO in the exercise of her duties.
- Proximus designates the 2009 Belgian Code on Corporate Governance as the applicable Code ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

Proximus not only follows the 1991 Law, but also wants to ensure every one of its collaborators is aware of the behaviours to follow and avoid. Therefore, Proximus adopted its new Code of Conduct in 2016, applicable to all its employees. Until now, approximately 93% of Proximus employees followed a mandatory training on the application of the principles of the Code of Conduct. On top of this, Proximus has various internal policies in place to ensure that its employees conduct their business ethically.

### **Deviation from the 2009 Belgian Corporate Governance Code**

Proximus complies with the 2009 Belgian Corporate Governance Code, with the exception of two deviations, which were imposed under the former 1991 Law. These deviations will cease to exist as from the expiry of the mandate of the last director appointed by the Belgian State.

The Belgian Corporate Governance Code states that the term of a board mandate should not exceed a maximum of four years. However, the mandates of the directors who were appointed by the Belgian State in the past expire after six years as prescribed by the former Article 18, paragraph 3 of the 1991 Law. As from 2016 all directors are appointed for a term of four years.

The Belgian Corporate Governance Code states that the Board of Directors appoints its Chairman. The current Chairman was appointed by the Belgian State by Royal Decree in the Council of Ministers in accordance with the former Article 18, paragraph 5 of the 1991 Law. The next Chairman will be appointed by the Board of Directors.

### **Board of Directors**

Since the amendment to the 1991 Law and the changes to the bylaws in April 2016, the following principles apply:

- all directors are now appointed by the shareholders' meeting with 50% plus one vote, upon proposal by the Board from those candidates withheld by the Nomination and Remuneration Committee;
- a statutory nomination right for each shareholder holding at least 25% to propose a number of directors proportionate to its shareholding;
- all directors, other than the CEO and those appointed through the statutory nomination right, must be independent; in any case there must be three independent directors according to the criteria of Article 526ter of the Belgian Companies Code and of the Belgian Corporate Governance Code;
- the Board of Directors is composed of maximum fourteen members; and
- directors are appointed for a maximum term of four years; mandates are renewable but there is a maximum term of twelve years in total for independent directors.

The modified 1991 Law does not impact the mandates that are in force.

Today, the Board of Directors is composed of fourteen members. Seven directors are appointed by the Belgian State in accordance with the previous version of the 1991 Law. Their mandates expire at the end of their term, except in case of early termination by the shareholders' meeting. The other seven directors are independent as per Article 526ter of the Belgian Companies Code and as per the Belgian Corporate Governance Code.

The Board of Directors meets whenever the interests of Proximus so require or at the request of at least two directors. In principle, the Board of Directors meets every year in five regularly scheduled meetings. The Board of Directors must also evaluate the strategic long-term plan in an extra meeting each year.

In general, the Board's decisions are made by a simple majority of the Directors present or represented, although for certain issues, a special majority is required.



The Board of Directors has adopted a Board Charter which, together with the charters of the Board Committees, reflects the principles by which the Board of Directors and its Committees operate.

The Board Charter provides, among other things, that important decisions should have broad support, understood as a qualitative concept indicating effective decision-making within the Board of Directors following a constructive dialogue between Directors. They should be prepared by standing or ad hoc Board Committees having significant representation of non-executive, independent Directors within the meaning of Article 526ter of the Belgian Companies Code.

The Corporate Governance Charter, the Charter of the Board of Directors and the Charter of the Remuneration and Nomination Committee have been updated in September 2016 in order to incorporate the amendments made in December 2015 to the 1991 Law and decided by the shareholders' meeting in April 2016.

The members of the current Board of Directors of Proximus are as follows:

| <i>Name</i>                          | <i>Age</i> | <i>Position</i> | <i>Director since</i> | <i>Term Expires</i> |
|--------------------------------------|------------|-----------------|-----------------------|---------------------|
| Dominique Leroy <sup>(1)</sup>       | 54         | CEO             | 2014                  | 2020                |
| Stefaan De Clerck <sup>(1)</sup>     | 67         | Chairman        | 2013                  | 2019                |
| Karel De Gucht <sup>(1)</sup>        | 65         | Director        | 2015                  | 2021                |
| Martin De Prycker <sup>(2)</sup>     | 64         | Director        | 2015                  | 2019                |
| Martine Durez <sup>(1)</sup>         | 68         | Director        | 1994                  | 2019                |
| Laurent Levaux <sup>(1)</sup>        | 63         | Director        | 2013                  | 2019                |
| Isabelle Santens <sup>(1)</sup>      | 59         | Director        | 2013                  | 2019                |
| Paul Van de Perre <sup>(1)</sup>     | 66         | Director        | 1994                  | 2019                |
| Guido J.M. Demuynck <sup>(2)</sup>   | 68         | Director        | 2007                  | 2019                |
| Tanuja Randery <sup>(2)</sup>        | 52         | Director        | 2016                  | 2020                |
| Pierre Demuelenaere <sup>(2)</sup>   | 60         | Director        | 2011                  | 2021                |
| Agnès Touraine <sup>(2)</sup>        | 64         | Director        | 2014                  | 2022                |
| Luc Van den hove <sup>(2)</sup>      | 59         | Director        | 2016                  | 2020                |
| Catherine Vandenborre <sup>(2)</sup> | 48         | Director        | 2014                  | 2022                |

(1) Appointed by the Belgian State

(2) Appointed by the shareholders' meeting and independent

### **Dominique LEROY**

Mrs Dominique Leroy has been Chief Executive Officer since January 2014 and presides the Executive Committee of Proximus. She joined Proximus (formerly Belgacom) as Vice President of Sales for the Consumer Business Unit in October 2011 and was appointed Executive Vice President of the Consumer Business Unit of Proximus in June 2012.

Prior to Proximus, Mrs Leroy worked for 24 years at Unilever. She was Managing Director of Unilever Belux and member of Unilever's Benelux Management Committee. She previously held various positions in marketing, finance and customer development.

In 2013, Mrs Leroy received the title of Master Marketeer from StiMa (Stichting Marketing). She won the Trends Business Woman Award in the CEO category in 2014. In 2015 she won the Harvard Club of Belgium

Leadership Prize and was elected Manager of the Year. Mrs Leroy recently won the LEAD-IN Leadership Award.

Mrs Leroy is Chairwoman of the Boards of BICS and Be-Mobile and Chairwoman of the International Advisory Board of the Solvay Business School. She is an independent Board member at Ahold Delhaize and Compagnie de Saint Gobin. She was also independent Board member at Lotus Bakeries until May 2018.

Mrs Leroy holds a Master's degree in Business Engineering from the Solvay Business School.

#### **Stefaan DE CLERCK**

Mr Stefaan De Clerck is Chairman of the Proximus Board of Directors since 20 September 2013. He chairs the Proximus Joint Committee, the Proximus Pension Fund and the Proximus Art ASBL/VZW.

He is board member of the Proximus Foundation and of Connectimmo.

He is also member of the Orientation Council of Euronext, of the Strategic Committee of FEB/VBO, of the Board of VOKA, of the BBR (Benelux Business Roundtable) and of the Bureau of Eurometropole Lille-Kortrijk-Tournai.

Before Proximus, he served as a Member of the Belgian Parliament from October 1990 until October 2013. From June 1995 until April 1998 and from December 2008 until December 2011 he was the Belgian Minister of Justice. From 1999 until 2003 he was President of CD&V, the Flemish Christian-Democratic Party. He was the Mayor of the city of Kortrijk (Belgium) from January 2001 until end-December 2012.

Mr De Clerck holds a Master's degree in Law from the Catholic University of Leuven.

#### **Karel DE GUCHT**

Mr Karel De Gucht, State Minister, was the European Commissioner for Trade from February 2010 until 31 October 2014, where he was pivotal in negotiating, concluding and managing several European Free Trade and Investment Agreements worldwide.

Previously, he served as Belgium's Minister of Foreign Affairs from 2004 to 2009, Deputy Prime Minister from 2008 to 2009, and as European Commissioner for International Cooperation, Humanitarian Aid and Crisis Response from 2009 to 2010.

Currently, he is the President of the Institute for European Studies (IES) at the Vrije Universiteit Brussel (VUB) – his alma mater (Masters of Laws, 1976) and where he teaches European Law.

He serves as a Director on the Board of ArcelorMittal SA and of Energy/Vision and is a Member of the Advisory Board of CVC Capital Partners.

He is also the manager of a family-run wine producing company in the Chianti region (Italy).

#### **Pierre DEMUELENAERE**

Until 31 August 2015, Mr Pierre Demuelenaere was President and CEO of I.R.I.S. (Image Recognition Integrated Systems), a company he co-founded in 1987 to commercialise the results of his PhD.

Mr Demuelenaere has more than 30 years of experience in Imaging and Artificial Intelligence. He has accumulated solid experience in technology company management, R&D management and setting up international partnerships with US and Asian companies (HP, Kodak, Adobe, Fujitsu, Samsung, Canon, etc.).

Throughout the years, he remained very involved in defining the R&D vision of I.R.I.S and contributed to the development of new technologies, new products and the filing of a number of patents.

Mr Demuelenaere received the “2001 Manager of the Year” award and I.R.I.S. the “2002 Company of the Year” award. In 2008, Data News elected him as ICT personality of the year. He is also a member of the board of directors Guberna and Chairman of the board of directors of EVS Broadcast Equipment. He served for seven years as a director on the board of BSB, an insurance and banking software company. He also served on the Board of Pairi Daiza for 23 years and on the Board of e-capital, a venture capital fund, for ten years.

In 2013, Mr Pierre Demuelenaere successfully negotiated the acquisition of I.R.I.S. Group by Canon. The company has now become a member of the Canon Group.

Mr Demuelenaere holds a Civil Engineering degree in Microelectronics from the Université Catholique de Louvain (UCL) and received his PhD in Applied Sciences in 1987.

### **Guido J.M. DEMUYNCK**

Until December 2010, Mr Demuynck was CEO of Liguavista. Before that, he held various positions within Royal Philips Electronics NV from 1976 until 2002. Amongst others, he was Vice President Marketing Audio in the USA, CEO of Philips in South Korea, General Manager Line of Business Portable Audio in Hong Kong, and CEO Group Audio in Hong Kong.

In 2000, he became CEO Product Division Consumer Electronics in Amsterdam and member of the Group Management Committee of Philips.

In 2003, Mr Demuynck joined Royal KPN where he became member of the Board of Management and CEO of the Mobile Division (KPN Mobiel Netherlands; Base Belgium, E-Plus Germany). Until July 2008 he was CEO of Kroymans Corporation BV in the Netherlands. He was a member of the Supervisory Board of TomTom from June 2005 until April 2016.

In addition, he has been a Board member of Teleplan International N.V. since May 2011, of Divitel BV and Aito BV since January 2012 and of Wizz Air Holding Plc since March 2014.

He holds a degree in Applied Economics from the University of Antwerp (UFSIA) and a degree in Marketing from the University of Ghent (R.U.G).

### **Martin DE PRYCKER**

Mr De Prycker is a managing partner of the Qbic Fund, an inter-university fund of EUR 41 million, supporting university spin-off companies in Belgium.

Mr De Prycker was CEO of Barco between 2002 and 2009. Under his leadership he focused on, and made the company grow in, markets using displays, such as the medical, digital cinema, control and airline industry, and spinning off the non-core product lines such as graphics, textile and subcontracting.

Prior to that, he was CTO and member of the Executive Committee of Alcatel-Lucent. Before becoming CTO of Alcatel-Lucent, Mr De Prycker was responsible for establishing the company’s worldwide market leadership in the broadband access market. Under his leadership, ADSL was transformed from a research project into a multi-billion dollar business for Alcatel-Lucent.

Between 2009 and 2013 Mr De Prycker was CEO of Caliopa, a startup in silicon photonics, allowing the transport of hundreds of Gbps on optical fiber; Caliopa was acquired by Huawei in 2013.

He is also a member of the Board of directors of several companies, including EVS, Newtec, Sentiance, Molecubes and Eyeco eyeCo.

Mr De Prycker holds a Ph.D. in Computer Sciences, a Master of Science in Electronics from the University of Ghent, as well as an MBA from the University of Antwerp.

## **Martine DUREZ**

Mrs Durez served as Chief Financial and Accounting Officer at Bpost until January 2006, when she became chairman of the board, a position she held until June 2014. She is a member of the board of directors of several companies, including Ethias CO and SNCB (Belgian Railways).

Mrs Durez was also Professor of Financial Management and Analysis at the University of Mons-Hainaut until 2000. She has also served as a member of the High Council of Corporate Auditors and the Committee of Accounting Standards and as a special emissary at the Cabinet for Communication and State Companies. She has been a member of the Royal Academy of Belgium (Technology and Society Action) since 2010. She served as a regent of the National Bank of Belgium.

Mrs Durez graduated as a Commercial Engineer and holds a PhD in Applied Economics from the University of Brussels (ULB).

## **Laurent LEVAUX**

A ‘magna cum laude’ graduate in Economics at UCL (Brussels, Belgium), Mr Levaux began his career at the age of 22 at the head of a small struggling company in Liège, at the time employing some 100 people. Four years later the company was turned around, developed, and was merged with a large international group.

He next obtained an MBA from the University of Chicago (1985) before going to work for McKinsey & Co, where he spent some ten years, the last four as a partner, undertaking strategic and restructuring assignments throughout Europe.

In 1995 he joined the Executive Committee of Belgian steel group Cockerill-Sambre as head of its non-steel subsidiaries, in particular CMI, a loss-making company, where he was CEO. When he left CMI in February 2003, it was a debt-free, growing and profitable engineering and maintenance Group.

In March 2003, Mr Levaux became CEO of ABX Logistics, a multinational logistics group, operating in over 30 countries and headquartered in Belgium. It was a company which had suffered heavy losses since its creation in 1998.

Since 2003, the results have constantly improved to reach a level that is among the industry’s best. In October 2008, ABX Logistics merged with the Danish Group DSV, quoted in Copenhagen.

From October 2008 until June 2016, Mr Levaux has been chairman and CEO of Aviapartner. In June 2016 he handed over his daily operational duties as CEO and remains chairman of the board. Headquartered in Brussels, Aviapartner is a leading player in ground-handling services for passengers in 38 European airports.

Mr Levaux is also a director of Bpost, FN Herstal and Investsud.

## **Tanuja RANDERY**

Mrs Tanuja Randery recently moved to the Private Equity industry, joining Apax Partners in September 2017. Before Apax, she was CEO, UK & Ireland for Schneider Electric, the global energy management and automation firm, since February 2015. Prior to Schneider, she spent more than ten years in Telecom and Managed Services at Colt Technology Services, a leading pan-european telecoms provider, and most recently at BT Global Services, a EUR 7 billion business, as President of Strategy and Transformation. While at Colt, Mrs Randery led Strategy, Global Accounts, and was also Managing Director of the Benelux business during 2006-2008. Prior to joining Colt, Mrs Randery led the Strategy function at EMC Corporation in Massachusetts, USA and was instrumental in a number of key software acquisitions.

Mrs Randery started her career at McKinsey, the global strategy consulting firm where she spent seven years specialising in technology and telecoms growth strategy serving leading global companies.

Mrs Randery graduated from Boston University with an MBA and has an undergraduate degree in Economics. She was born and raised in India and now lives in the United Kingdom with her husband and son.

#### **Isabelle SANTENS**

Mrs Isabelle Santens was the previous owner and Design Director of Labels by Andres NV, a Belgian fashion company that designs, produces and distributes the ladies clothing brands Xandres, Xandres xline and Hampton Bays.

After studying geography and economics at the KUL, she joined Andres NV in 1985, became Director of Design and CEO in 2000, until she sold the company to a French listed company in 2016.

She turned Andres NV from a mere production-oriented facility into a sales and marketing-driven fashion company with a focus on building strong brands, opening pilot stores and building a strong e-commerce site.

She is also a Board member in several cultural institutions.

#### **Agnès TOURAINE**

Mrs Touraine is CEO of Act III Consultants, a management consulting firm dedicated to digital transformation.

Previously, Mrs Touraine served as Chairman and CEO of Vivendi-Universal Publishing, a \$4.7 billion company, after having spent ten years with the Lagardère Group as Head of Strategy and CEO of the mass market division and five years with McKinsey.

She graduated from Sciences-Po Paris and Columbia University (MBA). She sits on the Boards of Rexel SA, Tarkett SA, GBL (since 31 October 2018) and previously Darty Plc, as well as Neopost SA. She also participates in non-profit organisations such as The French-American Foundation and IDATE.

Since May 2014, she has been Chairwoman of the Board of Directors of IFA (French Governance Institute).

#### **Catherine VANDENBORRE**

Mrs Vandenborre is Chief Financial Officer at Elia. Previously, she was a member of the executive committee of APX-ENDEX, the Anglo-Dutch gas and electricity exchange based in Amsterdam, and CEO of Belpex. She began her career at Coopers & Lybrand as an auditor.

Mrs Vandenborre is member of various Boards, including Contassur, an insurance company.

She holds a degree in Business Economics from the UCL as well as degrees in Tax Law and Financial Risk Management.

#### **Luc VAN DEN HOVE**

Mr Luc Van den hove is President and Chief Executive Officer (CEO) of imec since 1 July 2009.

Before holding this position he was Executive Vice President and Chief Operating Officer. He joined imec in 1984, starting his research career in the field of interconnect technologies. In 1988 he became manager of imec's micro-patterning group; in 1996 Department Director of Unit Process Step R&D; and in 1998 Vice-President of the Silicon Process and Device Technology Division. In January 2007, he was appointed as imec's Executive Vice President & Chief Operating Officer (COO). Under his guidance imec has grown to an organisation with a staff of around 4,000 people, operating with an annual budget of around EUR 545 million (2017) and with offices in Belgium, the Netherlands, US, Japan, Taiwan, China and India.

Currently, Mr Luc Van den hove is also professor of Electrical Engineering at the University of Leuven. He is also a member of the Technology Strategy Committee of ASML.

He has authored or co-authored more than 150 publications and conference contributions. He is a frequently solicited speaker on technology trends and applications for nano-electronics at major top conferences. He has presented more than 50 key note presentations.

Mr Luc Van den hove received his Ph.D. in Electrical Engineering from the University of Leuven, Belgium.

#### **Paul VAN DE PERRE**

Mr Van de Perre is co-founder of GIMV (a Venture Capital Firm listed on Euronext) and was formerly a director of Sidmar (Arcelor-Mittal), Thomassen Drijver Verblifa Belgium, Sunparks (a division of Sunair) and other companies.

He is currently director of Greenbridge Incubator (University of Ghent), Scientific Investment Board (University of Brussels), President of the Board of Directors of CityDepot (a subsidiary of bpost) and member of the Investment Committee of Participatie Maatschappij Vlaanderen (PMV).

Mr Van de Perre is CEO of Five Financial Solutions (a corporate finance house). Mr Van de Perre is co-founder of Parinsu (an added value company to mature scale-ups) and member of the advisory Board of several high-tech start-ups.

He holds a Master's degree in Economics and several postgraduate degrees.

The business address of each of the members of the Board of Directors is the registered office of Proximus SA, Boulevard du Roi Albert II- Koning Albert II-laan 27, B-1030 Brussels.

The Issuer is not aware of any potential conflicts of interest between the duties of the members of the Board of Directors of the Issuer and their private interests or others duties.

#### **Committees of the Board of Directors**

The Board of Directors of Proximus has set up three committees:

- **An Audit and Compliance Committee (the ACC)** consisting of five non-executive Directors, the majority of whom are independent. The ACC meets at least once every quarter. Mr Guido J.M. Demuyne (Chairman), Ms Catherine Vandenborre, Messrs Stefaan De Clerck, Pierre Demuelenaere and Paul Van de Perre are the current members of the ACC. In line with its charter, the ACC is chaired by an independent Director. The ACC's role is to assist and advise the Board of Directors in its oversight of:
  - the financial reporting process;
  - the efficiency of the systems for internal control and risk management;
  - Proximus' internal audit function and its efficiency;
  - the quality, integrity and legal control of the statutory and consolidated accounts and the financial statements of Proximus, including follow up of questions and recommendations made by the auditors;
  - the relationship with Proximus' auditors and the assessment and monitoring of the independence of the auditors,
  - Proximus' compliance with legal and regulatory requirements and the compliance within Proximus with Company's Code of Conduct and the Dealing Code.
- **A Nomination and Remuneration Committee (the NRC)** consisting of at least three and a maximum of five Directors, the majority of which are independent. The current members are Messrs Stefaan De

Clerck (Chairman), Martin De Prycker and Pierre Demuelenaere, Ms Martine Durez and Mr Guido J.M. Demuynck. In line with its charter, this committee is chaired by the Chairman of the Board of Directors, who is an ex-officio member. The NRC meets at least four times a year and assists and advises the Board of Directors regarding:

- the nomination of candidates for appointment to the Board of Directors and the Board Committees;
  - the appointment of the Chief Executive Officer and of the members of the Executive Committee on proposal of the CEO;
  - the appointment of the Secretary General;
  - the remuneration of the members of the Board of Directors and the Board Committees;
  - the remuneration of CEO and the members of the Executive Committee;
  - the annual review of the remuneration concept and strategy for all personnel, and specifically the compensation packages of the Leadership team;
  - the oversight of the decisions of the CEO with respect to the appointment, the dismissal and the compensation of management;
  - the preparation of the remuneration report and the presentation of that report at the annual shareholders' meeting;
  - Corporate Governance matters.
- **A Transformation and Innovation Committee (the TIC)** (formerly the Strategic and Business Development Committee) consisting of maximum six Directors. In line with its charter, the Chief Executive Officer and the Chairman of the Board of Directors are ex-officio members, and the Committee is chaired by the Chairman of the Board of Directors. One additional member is chosen among the Directors appointed by the Belgian State. Three members must be appointed among the independent Directors. The current members are Mr Stefaan De Clerck (Chairman), Mr Martin De Prycker, Mr Karel De Gucht, Ms Agnès Touraine, Ms Tanuja Randery and Mr Luc Van den hove.

The TIC is a permanent committee of the Board of Directors, discussing those selected files that need preparatory reflection and need to mature before being brought to the Board of Directors for decision. The topics discussed at the TIC may be of diverse nature and will evolve over time depending on Proximus' needs and could deal with matters concerning, among other things, technology, network, branding/marketing, transformation, HR skills and digitalisation.

### **Chief Executive Officer**

The Chief Executive Officer is appointed by the Belgian State by Royal Decree deliberated in the Council in accordance with provisions of the previous version of the 1991 Law. Future CEO's will be appointed by the Board of Directors, deciding by a normal majority vote. In line with the 1991 Law and Proximus' bylaws, the Chief Executive Officer is a member of the Board of Directors. The Chief Executive Officer and the Chairman of the Board of Directors must come from different language groups. The Board of Directors has delegated broad powers to the Chief Executive Officer.

The current Chief Executive Officer is Ms. Dominique Leroy. Ms. Dominique Leroy's six-year fixed-term contract started as from 13 January 2014 and will end on 13 January 2020.

## **Executive Committee**

The members of the Executive Committee are appointed and dismissed by the Board of Directors on proposal of the Chief Executive Officer, after consultation of the Nomination and Remuneration Committee. The powers of the Executive Committee are determined by the Chief Executive Officer.

The Executive Committee's role is to assist the CEO in the exercise of her duties.

The Executive Committee aims to decide by consensus, but in the event of disagreement, the view of the CEO will prevail. The Executive Committee generally meets on a weekly basis. The CEO serves as a member of the Executive Committee, which (s)he chairs.

The current members of the Executive Committee, in addition to the CEO, are as follows:

| <i>Name</i>           | <i>Age</i> | <i>Position</i>                  |
|-----------------------|------------|----------------------------------|
| Sandrine Dufour       | 52         | Chief Financial Officer          |
| Jan Van Acoleyen      | 56         | Chief Human Resources Officer    |
| Geert Standaert       | 48         | Chief Technology Officer         |
| Bart Van Den Meersche | 61         | Chief Enterprise Market Officer  |
| Dirk Lybaert          | 58         | Chief Corporate Affairs Officer  |
| Renaud Tilmans        | 50         | Chief Customer Operation Officer |
| Guillaume Boutin      | 44         | Chief Consumer Market Officer    |

### **Guillaume BOUTIN**

Mr Guillaume Boutin joined the Proximus Executive Committee as Chief Consumer Market Officer in August 2017. With a very strong mix of strategic, financial and marketing experiences in the telecom and the media sectors in France, Mr Boutin has gained a very deep knowledge and understanding of new market dynamics and business models of these sectors.

Mr Boutin started his career as strategy consultant and as web entrepreneur. He then joined SFR where he successively held the positions of Director Chairman Office, Chief Financial Officer and Chief Marketing Officer, until he joined Canal+ Group in 2015 as Chief Marketing Officer.

Mr Boutin is a member of the Board of Directors of Scarlet Belgium. Since 1 January 2019, he is also member of the Board of Directors of Proximus Luxembourg, which is the surviving entity after the merger between Tango and Telindus Luxembourg.

Mr Boutin holds a Master's degree in Business Management from HEC Business School and an Executive MBA from INSEAD.

### **Sandrine DUFOUR**

Mrs Sandrine Dufour assumed the post of Chief Financial Officer of Proximus on 1 April 2015. In addition to the Finance domains, Mrs Dufour is also responsible for the wholesale activities as well as the Group Internal Services. From 1999 to May 2013, Mrs Dufour held various positions at Vivendi in France and the US; the latest being Deputy Chief Financial Officer and Director of Innovation. Afterwards, she became Executive Vice President Finance & Strategy at SFR. Before that, she held various posts as a financial analyst in France, at BNP and Credit Agricole Cheuvreux (European telecom sector).



Mrs Dufour holds several degrees from ESSEC Business School, the Société Française des Analystes Financiers, and the Chartered Financial Analyst (CFA) Institute.

Mrs Dufour was an independent director at the French company Solocal until March 2018. She is a member of the Board of Directors of the Proximus subsidiaries BICS, Connectimmo, Be-Mobile, PGS, Proximus Pension Fund, and Proximus Art. Since 1 January 2019, she is also the chairman of the Board of Directors of Proximus Luxembourg, which is the surviving entity after the merger between Tango and Telindus Luxembourg.

#### **Dirk LYBAERT**

Mr Dirk Lybaert is Chief Corporate Affairs Officer of Proximus and has the following responsibilities: Legal, Regulatory, Public Affairs, Group Communications, Internal Audit & Risk Management, Security Governance & Investigations, Corporate Prevention & Protection and Secretary General.

Mr Lybaert was Secretary-General of Belgacom from 2005 to 2014. From 1995 until 2007, he was an assistant at the Law Faculty of the University of Brussels for the “Named Contracts” course. From 2000 to 2005 he held different positions within the legal department of Belgacom.

Prior to joining Belgacom, Mr Lybaert served as an officer with the Federal Police, where he reached the position of Lieutenant-Colonel and director of the Anti-Terrorism Program.

Mr Lybaert is a member of the Board of Directors of BICS, Proximus Foundation, Proximus Art and Proximus Opal. He also has external mandates at Bednet and Festival van Vlaanderen.

Mr Lybaert holds a Master’s degree in Criminology from the University of Ghent, Law from the University of Brussels (VUB) and Business Law from the University of Antwerp, and degrees in Advanced Management and Social and Military Sciences.

#### **Geert STANDAERT**

Mr Geert Standaert is Chief Technology Officer. He has been a member of the Executive Committee since March 2012. In this function, he oversees all IT development, service engineering, the fixed and mobile network, technical infrastructure and operations for the Group.

Mr Standaert joined the Group in 1994 and held director positions in various disciplines, including IT, Infrastructure Operations and Data Operations before becoming Vice President Customer Operations in 2007.

Mr Standaert is also a Board member of Synductis.

Mr Standaert holds a Master’s degree in Civil Engineering from the University of Ghent (RUG).

#### **Renaud TILMANS**

Mr Renaud Tilmans joined the Executive Committee as Chief Customer Operations Officer of Proximus in May 2014. In this function, he works with his teams to align procedures and create synergies between the operational after-sales activities of the different Business Units.

Mr Tilmans joined Belgacom in 1993. He held various director positions in the field of ICT and networks before becoming Vice President Customer Operations of the Business Unit Service Delivery Engine & Wholesale in 2012.

Within the Proximus Group, Mr Tilmans is, since 1 January 2019, member of the Board of Directors of Proximus Luxembourg, which is the surviving entity after the merger between Tango and Telindus Luxembourg.

Mr Tilmans is a civil engineer from the UCL (Louvain-la-Neuve) and holds degrees in IT and management.

#### **Jan VAN ACOLEYEN**

Mr Jan Van Acoleyen is Chief Human Resources Officer of Proximus. He joined Proximus in May 2016, after a 28-year career with various international HR management roles, mainly in high-tech companies such as Alcatel, Agfa-Gevaert and Barco. As a HR leader, he acquired extensive experience in organisational and corporate culture transformations.

Mr Van Acoleyen has a Master's degree in Educational Studies from Leuven University and an Executive MBA from the University of Antwerp.

He is an independent member of the Board of Directors of SD Worx and Board member of Experience@Work. Within the Proximus group, he is Board member of BICS, Proximus Foundation, Proximus Pension Fund and is Chairman of the Remuneration Committee of BICS. Since 1 January 2019, he is also member of the Board of Directors of Proximus Luxembourg, which is the surviving entity after the merger between Tango and Telindus Luxembourg.

#### **Bart VAN DEN MEERSCHE**

Mr Bart Van Den Meersche is Chief Enterprise Market Officer of Proximus. In 2011, he joined Belgacom following 28 years of experience in the ICT sector with a professional career at IBM, where he held various executive management functions for sixteen years and spent eight years as Country General Manager of IBM Belgium/Luxembourg. In his last year at IBM, he was Vice President Industries & Business Development IBM South-West Europe, and a member of the IBM South-West Europe Executive Committee.

For six years, Mr Van Den Meersche was Chairman of Agoria ICT and a member of the Board of Directors of Agoria, VOKA and VBO.

Within the Proximus Group, Mr Van Den Meersche is a member of the Board of Directors of Proximus SpearIT and Be-Mobile. Since 1 January 2019, he is also member of the Board of Directors of Proximus Luxembourg, which is the surviving entity after the merger between Tango and Telindus Luxembourg.

He is also a member of the Board of Directors of Belgian Mobile ID, a joint venture between the four major banks (BNP Paribas Fortis, Belfius, ING and KBC) and the three mobile network operators (Proximus, Orange, Telenet/Base).

Mr Van Den Meersche has a Master's degree in Mathematics from Leuven University.

### **INFORMATION ABOUT THE CAPITAL OF PROXIMUS**

As at the date of this Base Prospectus, the share capital of Proximus amounts to EUR 1 billion (fully paid up), represented by 338,025,135 shares, with no par value and all having the same rights, provided such rights are not suspended or cancelled in the case of treasury shares.

Distribution of retained earnings of Proximus, the parent company, is limited by a restricted reserve built up in previous years in accordance with Belgian Companies Code up to 10% of Proximus' issued capital.

Proximus has a statutory obligation to distribute 5% of the parent company income before taxes to its employees. In the accompanying consolidated financial statements, this profit distribution is accounted for as personnel expenses.

On 24 February 2005, the Board of Directors decided to conduct a share buy-back for a maximum amount of EUR 300 million and for a share price that must not be more than 5% above the highest and 10% below the lowest closing price in the thirty-day trading period preceding the transaction. The program was launched in

May 2005 and completed on 17 August 2005. In total, Proximus bought 10,613,234 shares on the stock exchange at an average price per share of EUR 28.27.

On 25 August 2006, the Board of Directors decided to conduct a share buy-back for a maximum amount of EUR 200 million that started on 28 August 2006 and was completed on 11 October 2006. In total, 6,782,656 shares were bought on the stock exchange at an average price per share of EUR 29.49.

On 11 April 2007, the Extraordinary General Meeting of Shareholders approved the cancellation of 23,750,000 treasury shares with a value of EUR 644 million, of which 7,450,000 with dividend rights and 16,300,000 without dividend rights.

On 18 October 2007, the Board of Directors decided to conduct a share buy-back for a maximum amount of EUR 230 million that started on 13 November 2007 and was completed on 3 March 2008. In total, 7,038,765 shares were bought on the stock exchange at an average price per share of EUR 32.68.

On 24 July 2008, the Group decided to conduct a share buyback for a maximum amount of EUR 200 million. The program was launched on 4 August 2008 and finalised on 26 November 2008. The Group bought back 7,379,925 shares at an average price of EUR 27.10.

In 2011, Proximus performed a share buyback of EUR 100 million split over 2 tranches of EUR 50 million each. In total, 4,300,975 shares were bought on the stock exchange at an average price of EUR 23.25.

On 23 October 2011, the Board of Directors approved the conversion of 2,025,774 treasury shares without dividend rights into treasury shares entitled to dividend rights.

The voting and dividend rights in respect of shares acquired in 2003 and 2004 owned by Proximus itself are suspended while the voting and dividend rights in respect of shares acquired by Proximus in 2005 to 2011 have been cancelled.

As a result of the buy-backs, Proximus holds 15,356,008 or 4.54% of the total shares on 31 January 2019, of which 817,417 with suspended dividend rights and 14,538,591 without dividend rights. These treasury shares will be kept by Proximus to cover existing and future employee incentive plans. Belgian law prohibits a company to own more than 20% of its outstanding share capital.

Dividends allocated to treasury shares entitled to dividend rights are accounted for under the caption "Reserves not available for distribution" in the statutory financial statements of Proximus SA.

### **Discounted Share Purchase plans**

In 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, the Group launched Discounted Share Purchase Plans (hereafter **DSPP**). Under the 2004 plan, Proximus sold 1,842,026 shares to all employees with a discount of 16.67% compared to the issuance price of the initial public offering (EUR 24.50 per share). Under the 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 plans, Proximus sold respectively 139,198, 138,549, 134,649, 125,143, 221,238, 294,304, 277,474, 208,433, 219,935, 1,321, 1,047, 9,773, 6,263 and 14,431 shares to the senior management of the Group at a discount of 16.67% compared to the market price (respectively EUR 29.92, EUR 25.95, EUR 32.71, EUR 29.14, EUR 22.71, EUR 22.04, EUR 20.85, EUR 18.56, EUR 14.51, EUR 19.91, EUR 26.72, from EUR 22.94 to 23.82 per share in 2016, from EUR 24.74 to 26.00 in 2017 and from EUR 19.18 to 23.12 in 2018). The cost of the discount amounted to EUR 8 million in 2004, EUR 0.7 million in 2005, EUR 0.6 million in 2006, EUR 0.7 million in 2007, EUR 0.6 million in 2008, EUR 0.8 million in 2009, EUR 0.9 million in 2010, EUR 1.2 million in 2011, EUR 0.6 million in 2012, EUR 0.7 million in 2013, below EUR 1 million in 2014, 2015, 2016, 2017 and 2018 and was recorded in the income statement as workforce expenses.

## Stock Option Plan

In 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 Proximus launched Employee Stock Option Plans (hereafter **ESOP**) whereby respectively 1,128,500, 538,541, 608,928, 475,516, 796,197, 1,008,021, 1,023,210, 1,036,061 and 840,732 share options were granted to the key management and senior management of the Group. The Plan rules were adapted in early 2011 according to Belgian legislation.

In 2009, the Group gave the opportunity to its option holders to voluntarily extend the exercise period of all the plans (except the plan 2009) with 5 years, within the guidelines as established by the law.

The evolution of the stock plan is as follows:

|   | <i>Number of stock options – Plan<sup>(*)</sup></i> |               |               |             |               |               |
|---|---|---------------|---------------|-------------|---------------|---------------|
|   | <i>2006</i>   | <i>2007</i>   | <i>2008</i>   | <i>2010</i> | <i>2011</i>   | <i>2012</i>   |
| <b>Outstanding as at 31 December 2017</b> | <b>9,357</b>  | <b>23,005</b> | <b>39,681</b> | <b>0</b>    | <b>34,793</b> | <b>80,553</b> |
| <b>Exercisable at 31 December 2017</b>    | <b>9,357</b>  | <b>23,005</b> | <b>39,681</b> | <b>0</b>    | <b>34,793</b> | <b>80,553</b> |
| Movements during the year 2018            |   |               |               |             |               |               |
| Forfeited                                 | -6,802  | 0             | 0             | 0           | -3,175        | 0             |
| Exercised                                 | -2,555  | -3,524        | 0             | 0           | -31,618       | -700          |
| Total                                     | -9,357  | -3,524        | 0             | 0           | -34,793       | -700          |
| <b>Outstanding at 31 December 2018</b>    | <b>0</b>  | <b>19,481</b> | <b>39,681</b> | <b>0</b>    | <b>0</b>      | <b>79,853</b> |
| <b>Exercisable at 31 December 2018</b>    | <b>0</b>  | <b>19,481</b> | <b>39,681</b> | <b>0</b>    | <b>0</b>      | <b>79,853</b> |

*(\*) The Plans of 2004, 2005, 2006, 2009, 2010 and 2011 expired*

## Performance Value Plan

In 2013, 2014, 2015, 2016, 2017 and 2018, Proximus launched different tranches of the “Performance Value Plan” for its senior management. Under this Long-Term Performance Value Plan, the awards granted are conditional upon a blocked period of 3 years after which the Performance Values vest. The rights potentially exercised are dependent on the achievement of market conditions based on Proximus’ Total Shareholder Return compared to a group of peer companies.

After the vesting the period rights can be exercised for four years. The settlement method in equity or cash is defined at grant date. In case of voluntary leave during the vesting period, all the non-vested rights and the vested rights not exercised are forfeited. In case of involuntary leave or retirement, except for serious cause, the rights continue to vest during the normal 3 year vesting period.

The group determines the fair value of the arrangement at the inception date and the cost is linearly spread over the vesting period with corresponding increase in equity for equity settled and liability for cash settled shared based payments.

For cash settled share-based payment the liability is periodically re-measured.

The fair value as per 31 December 2018 amounts to EUR 0 million for 2013, 2014 and 2015 tranches, EUR 4 million for 2016 tranches, EUR 3 million for 2017 tranches and EUR 1 million for 2018 tranches,

respectively. The annual charge for the tranches 2013 and 2014 is nil and for the other tranches amounts to EUR 5 million. The calculation of simulated total shareholder return under the Monte Carlo model for the remaining time in the performance period for awards with market conditions included the following assumptions as of and 31 December 2018:

|   | As of               |                     |
|---|---------------------|---------------------|
|   | 31 December<br>2017 | 31 December<br>2018 |
| Weighted average risk free of return          | -0.040%             | 0.070%              |
| Expected volatility – company                 | 15.35% – 19.44%     | 19.88% – 20.04%     |
| Expected volatility – peer companies          | 11.42% – 75.90%     | 15.21% – 37.03%     |
| Weighted average remaining measurement period | 3.14                | 2.45                |

#### *Authorised capital and acquisition of own shares*

The Board of Directors of Proximus is authorised to increase the capital in one or more steps by a maximum amount of EUR 200,000,000. This authorisation is valid for 5 years after the publication in the Belgian Official Gazette (which took place on 13 May 2016). When deciding to increase the capital within the framework of the authorised capital, the Board of Directors of Proximus is authorised to cancel or restrict the preferential subscription rights of existing shareholders. All such resolutions of the Board of Directors of Proximus require a two-thirds majority of the members present or represented.

All issues of shares, convertible bonds or warrants are subject to prior approval by the Belgian State (by Royal Decree deliberated in the Council of Ministers). No such issues may be made to persons other than public authorities if, as a result of the issue, the public authorities' direct participation in the share capital at the time of the issue would no longer exceed 50% of the share capital, except in cases where Article 54/7 §1 of the Law of 21 March 1991 applies.

The Extraordinary Shareholders' Meeting of Proximus of 20 April 2016 decided to authorise the Board of Directors of Proximus to acquire shares of Proximus, provided that the fractional value of the Proximus shares held does not exceed the legally allowed maximum of number of shares of Proximus' capital and subject to a price range of a minimum of 10% below and a maximum of 5% above the closing price for an Proximus share on Euronext Brussels in a 30-day period prior to the purchase. This authorisation is valid until 20 April 2021 (i.e., for a period of five years as from 20 April 2016).

According to Article 13 of Proximus' Articles of Association, the Board of Directors of Proximus is authorised, without the prior agreement of Proximus' Shareholders' Meeting, to sell the Proximus shares which Proximus has in its possession on the stock exchange.

## **INFORMATION ABOUT THE DEBT INSTRUMENTS OF PROXIMUS**

In 2013, Proximus issued 2 privately placed bonds denominated in EUR:

- In March 2013 a EUR 150 million with a maturity of 15 years at a fixed rate of 3.19%
- In May 2013 a EUR 100 million with a maturity of 10 years at a fixed rate of 2.256%

In March 2014 an institutional bond for a nominal amount of EUR 600 million was issued with a maturity of 10 years at a fixed rate with a coupon of 2.375%.

In October 2015, an institutional bond for a nominal amount of EUR 500 million was issued with a maturity of ten years at a fixed rate with a coupon of 1.875%.

In March 2017, another institutional bond for a nominal amount of EUR 500 million was issued with a maturity of five years at a fixed rate with a coupon of 0.5%.

On 7 March 2018, Proximus announced that it acquired a EUR 400 million loan from the European Investment Bank for the transformation of its fixed network. This new bullet loan will start on 15 March 2018 and will mature on 15 March 2028 with yearly interest payments on every March 15th.

On 27 February 2019, Proximus agreed to a private placement with an institutional investor for an amount of EUR 100 million. The notes have been issued on 8 March 2019 and will mature in September 2031. The notes have an annual fixed coupon of 1.75%.

Current outstanding EMTN bonds:

| Amount   | Tenor      | Maturity         | Coupon | ISIN         |
|----------|------------|------------------|--------|--------------|
| 500M EUR | 5 years    | 22 March 2022    | 0.500% | BE0002273424 |
| 100M EUR | 10 years   | 22 May 2023      | 2.256% | BE6252911977 |
| 600M EUR | 10 years   | 4 April 2024     | 2.375% | BE6265262327 |
| 500M EUR | 10 years   | 1 October 2025   | 1.875% | BE0002237064 |
| 150M EUR | 15 years   | 20 March 2028    | 3.19%  | BE6251142749 |
| 100M EUR | 12.5 years | 8 September 2031 | 1.75%  | BE0002639202 |

Current outstanding Yen bonds (private placements):

| Amount    | Tenor    | Maturity         | Coupon | ISIN        |
|-----------|----------|------------------|--------|-------------|
| 1500M YEN | 30 years | 16 December 2026 | -      | BE007199961 |

### Additional Information

Registered Office: Boulevard du Roi Albert II/Koning Albert II-laan, 27  
1030 Brussels, Belgium  
VAT BE 0202.239.951, Brussels Register of Legal Entities

For Financial Information: Investor Relations  
Boulevard du Roi Albert II/Koning Albert II-laan, 27  
1030 Brussels, Belgium  
Tel: + 32 2 202 82 41

## SELECTED FINANCIAL INFORMATION

### Selected Consolidated Financial Information of the Proximus Group<sup>6</sup>

#### BALANCE SHEET (in EUR millions)

|   | 31 December<br>2017 | 31 December<br>2018 |
|---|---------------------|---------------------|
| <b>ASSETS</b> .....                     | <b>8,527</b>        | <b>8,490</b>        |
| NON-CURRENT ASSETS .....                | 6,735               | 6,752               |
| CURRENT ASSETS .....                    | 1,793               | 1,739               |
| <br><b>LIABILITIES AND EQUITY</b> ..... | <br><b>8,527</b>    | <br><b>8,490</b>    |
| EQUITY .....                            | 3,013               | 3,012               |
| Shareholders' equity .....              | 2,857               | 2,862               |
| Non-controlling interests .....         | 156                 | 150                 |
| NON-CURRENT LIABILITIES.....            | 2,789               | 3,151               |
| CURRENT LIABILITIES.....                | 2,725               | 2,328               |

#### INCOME STATEMENT (in EUR millions)

|   | 31 December<br>2017 | 31 December<br>2018 |
|---|---------------------|---------------------|
| <b>TOTAL INCOME</b> .....   | <b>5,802</b>        | <b>5,826</b>        |
| Net revenue.....  | 5,739               | 5,761               |
| Other operating income .....  | 63                  | 65                  |
| <br><b>TOTAL OPERATING CHARGES, excluding<br/>depreciation &amp; amortisation</b> ..... | <br><b>-4,030</b>   | <br><b>-4,030</b>   |
| Costs of materials and charges to revenue.....  | -2,166              | -2,122              |
| Workforce expenses.....   | -1,248              | -1,245              |
| Non-workforce expenses .....  | -615                | -663                |
| <br><b>OPERATING INCOME before depreciation &amp;<br/>amortisation</b> .....            | <br><b>1,772</b>    | <br><b>1,796</b>    |
| Depreciation and amortisation.....  | -963                | -1,016              |

<sup>6</sup> All financials and like-for-like comparisons related to the Group and segments are provided under IAS 18, unless stated otherwise.

|   |            |            |
|---|------------|------------|
| <b>OPERATING INCOME</b> .....                                 | <b>809</b> | <b>780</b> |
| Finance revenue .....   | 6          | 9          |
| Finance costs .....   | -76        | -64        |
| <b>NET FINANCE COSTS</b> .....                                | <b>-70</b> | <b>-56</b> |
| <b>SHARE OF LOSS ON ASSOCIATES &amp; JOINT VENTURES</b> ..... | <b>-2</b>  | <b>-1</b>  |
| <b>INCOME BEFORE TAXES</b> .....                              | <b>738</b> | <b>723</b> |
| Tax expense .....   | -185       | -194       |
| <b>NET INCOME</b> .....                                       | <b>552</b> | <b>529</b> |
| Non-controlling interests .....                               | 30         | 23         |
| Net income (Group share) .....                                | 522        | 506        |

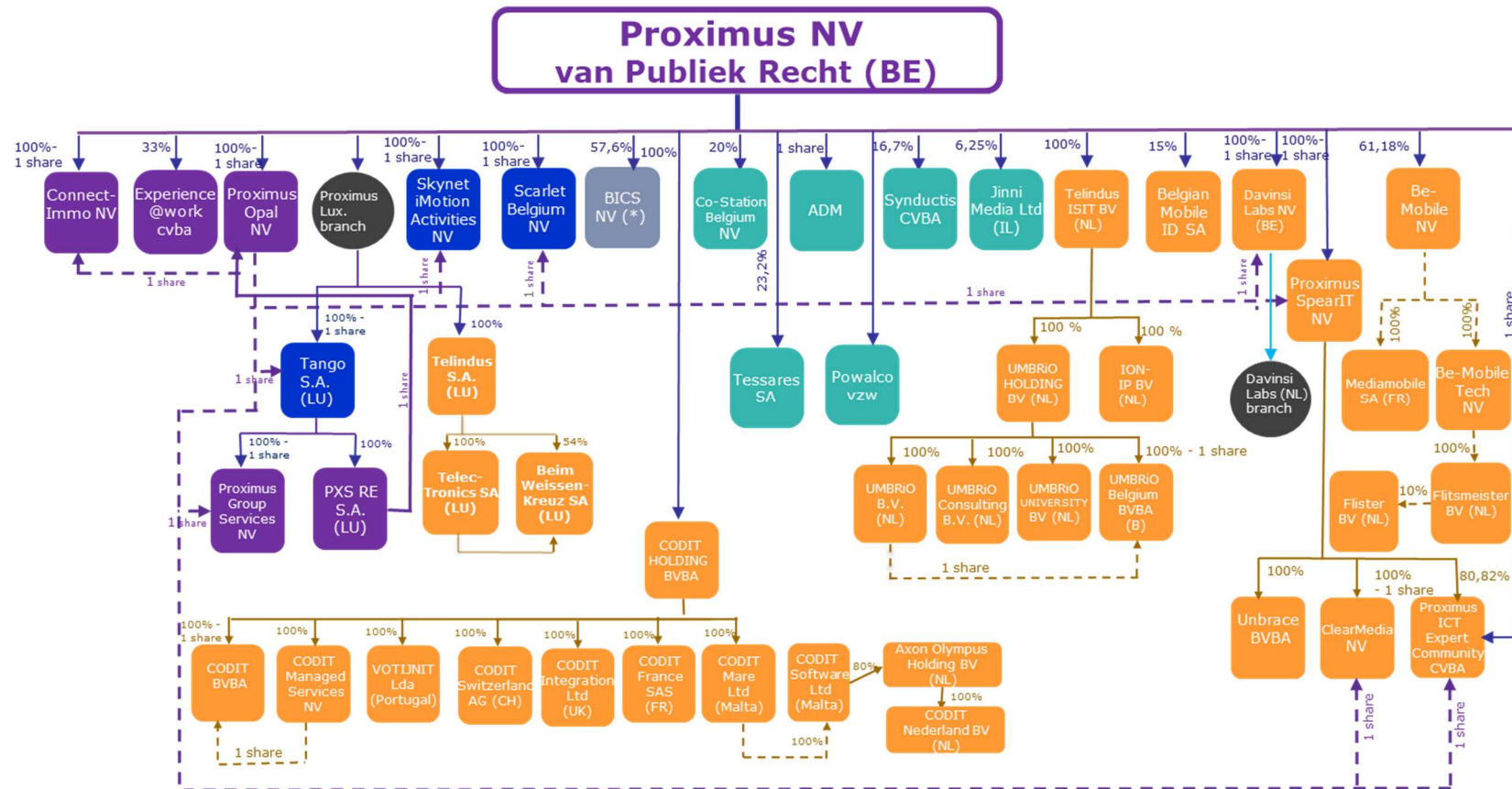
#### **CASH FLOW STATEMENT (in EUR millions)**

|  | <b>31 December<br/>2017</b> | <b>31 December<br/>2018</b> |
|--|-----------------------------|-----------------------------|
| <b>Cash flow from operating activities</b> .....   |                             |                             |
| Net income .....   | 552                         | 529                         |
| <b>Operating cash flow before working capital changes...</b>   | <b>1,452</b>                | <b>1,532</b>                |
| (Increase) / decrease in working capital, net of<br>acquisitions and disposals of subsidiaries ..... | 18                          | 26                          |
| <b>Net cash flow provided by operating activities</b> .....  | <b>1,470</b>                | <b>1,558</b>                |
| Net cash (used in) / provided by investing activities .....  | -1,177                      | -1,107                      |
| <b>Cash flow before financing activities</b> .....   | <b>292</b>                  | <b>451</b>                  |
| Net cash (used in) / provided by financing activities .....  | -256                        | -444                        |
| <b>Net increase / (decrease) of cash and cash equivalents.</b>                                       | <b>36</b>                   | <b>7</b>                    |
| Cash and cash equivalents at 1 January .....   | 297                         | 333                         |
| Cash and cash equivalents at end of the period .....   | 333                         | 340                         |



## STRUCTURE OF THE GROUP

The below structure chart shows the structure of the Group as at 31 December 2018.



## TAXATION

*The comments below are of a general nature only and are not exclusive. Prospective Noteholders who are in any doubt as to their tax position should consult their own professional advisers.*

### Common Reporting Standard

Following recent international developments, the exchange of information will be governed by the Common Reporting Standard (CRS).

On 29 October 2018, 104 jurisdictions had signed the multilateral competent authority agreement (MCAA), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. More than 50 jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 (**early adopters**).

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (DAC2), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented said Directive 2014/107/EU, respectively the Common Reporting Standard, per the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of 16 December 2015, the mandatory exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States, (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other non-EU States that have signed the MCAA, as of the respective date determined by Royal Decree.

In a Royal Decree of 14 June 2017, as amended, it was determined that the automatic provision of information has to be provided as from 2017 (for the 2016 financial year) for a first list of eighteen foreign jurisdictions, as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions and as from 2019 (for the 2018 financial year) for another jurisdiction. The Notes are subject to DAC2 and to the Law of 16 December 2015. Under DAC2 and the Law of 16 December 2015, Belgian financial institutions holding the Notes for tax residents in another CRS contracting state shall report financial information regarding the Notes (e.g. in relation to income and gross proceeds) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

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

## Belgium

The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Notes. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions.

Prospective investors are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided elsewhere in this Base Prospectus and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Base Prospectus and with the exception of subsequent amendments with retroactive effect.

### Applicable tax section in case of a X/N issuance of the Notes

#### **Belgian withholding tax**

Interest payments in respect of the Notes will be subject to Belgian withholding tax, currently at a rate of 30% on the gross amount of the interest, subject to such relief as may be available under applicable domestic law or applicable tax treaties.

In this regard, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer) and (iii) in case of a disposal of the Notes between two interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the holding period.

Under Belgian domestic law, however, payments of interest in respect of the Notes may normally 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 certain eligible investors (the **Eligible Investors**) in an exempt securities account (an **Exempt Account**) that has been opened with a financial institution that is a direct or indirect participant (a **Participant**) in the Securities Settlement System. Euroclear and Clearstream are directly or indirectly Participants for this purpose.

Holding the notes through the Securities Settlement System enables Eligible Investors to receive gross interest income on their Notes and to transfer 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 Exempt Account.

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

1. Belgian companies as referred to in Article 2, §1, 5°, b) of the Income Tax Code of 1992 (the Tax Code);
2. 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°, and without prejudice to the application of Article 262, 1° and 5° of the Tax Code;
3. state-linked social security organisations and institutions assimilated thereto specified in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the Tax Code;

4. non-resident investors as specified in Article 105, 5° of the same Decree;
5. investment funds, recognised in the framework of pension savings, provided for in Article 115 of the same Decree;
6. companies, associations and other taxpayers within the meaning of Article 227, 2° of the Tax Code, having invested the Notes in the exercise of their professional activities in Belgium and being subject to non-resident income tax in accordance with Article 233 of the same Code;
7. the Belgian State, in respect of investments which are exempt from withholding tax in accordance with Article 265 of the Tax Code;
8. investment funds governed by foreign law being an indivisible estate managed by a management company for the account of the participants provided that the fund units are not publicly issued in Belgium or traded in Belgium;
9. Belgian resident companies not referred to under 1° above, when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, inter alia, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under 2° and 3° above.

Upon opening of an Exempt Account with the Securities Settlement System or with a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Eligible Investors, save that they need to inform the Participants of any changes to the information contained in the statement of their eligible status. However, Participants are required to annually provide the National Bank of Belgium with listings of investors who have held an Exempt Account during the preceding calendar year.

These identification requirements do not apply to Notes held in central securities depositories as defined in Article 2, 1<sup>st</sup> paragraph, (1) of Regulation (EU) N° 909/2014 (**CSD**) as participants to the Securities Settlement System (each a **NBB-CSD**), provided that the relevant NBB-CSD only hold Exempt Accounts and that they are able to identify the Noteholders for whom they hold Notes in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSD as participants include the commitment that all their clients, holder of an account, are Eligible Investors.

An Exempt 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. Participants must keep the Notes which they hold on behalf of non-Eligible Investors in a non-exempt account (a **Non Exempt Account**). In such instance all payments of interest are subject to withholding tax (currently at the rate of 30%), which is withheld by the National Bank of Belgium from the interest payment and remitted to the Belgian Treasury.

Transfers of Notes between an Exempt Account and a Non Exempt Account may give rise to certain adjustment payments on account of withholding tax:

- in case of a transfer from a Non Exempt Account to an Exempt Account or a Non Exempt Account, the transferring non-Eligible Investor must remit to the National Bank of Belgium withholding tax calculated on the pro rata of accrued interest from the last interest payment date up to the transfer date;

- in case of a transfer from an Exempt Account or a Non Exempt Account to an Non Exempt Account, the National Bank of Belgium must refund to the acquiring non-Eligible Investor an amount equal to withholding tax calculated on the pro rata of accrued interest from the last interest payment date up to the transfer date; and
- in case of a transfer between two Exempt Accounts, no adjustment on account of withholding tax applies.

### ***Belgian tax on income and capital gains***

#### ***Belgian resident individuals***

Belgian resident individuals subject to Belgian personal income tax (*personenbelasting/impôt des personnes physiques*) and holding Notes as a private investment, do not have to declare interest in respect of the Notes in their personal income tax return, provided that Belgian withholding tax has effectively been levied on the interest.

Nevertheless, Belgian resident individuals may elect to declare interest in respect of the Notes in their personal income tax return. Interest income which is declared this way will in principle be taxed at a flat rate of 30% (or at the relevant progressive personal income tax rate(s), taking into account the taxpayer's other declared income, whichever is more beneficial) and no local surcharges will be due. The Belgian withholding tax levied may be credited against the taxpayer's personal income tax liability.

Any capital gain upon a transfer of Notes to a party other than the Issuer will in principle be tax exempt (except to the extent the tax authorities can prove that the capital gain does not result from the normal management of the individual's private estate and without prejudice to withholding tax on the interest component if any). Capital losses on Notes are in principle not deductible.

Different rules apply for Belgian resident individuals holding Notes as a professional investment.

#### ***Belgian resident companies***

For a Belgian company subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), all interest derived from the Notes and any capital gain on a transfer of Notes will form part of its taxable basis. The standard corporate income tax rate in Belgium is 29.58%. Small and medium-sized companies are taxable at the reduced corporate income tax rate of 20.4% on the first tranche of taxable profits of EUR 100,000.

Any retained Belgian interest withholding tax will generally, subject to certain conditions, be creditable against any corporate income tax due and the excess amount will in principle be refundable. Capital losses on Notes are, in principle, tax deductible.

As of assessment year 2021 linked to a taxable period starting at the earliest on 1 January 2020, the ordinary corporate income tax rate will be 25% and the reduced corporate income tax rate 20%.

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

For a Belgian resident legal entity subject to legal entities income tax (*rechtspersonenbelasting/impôt des personnes morales*), the withholding tax on interest will constitute the final tax in respect of such income.

It should be noted that a Belgian legal entity which qualifies as an Eligible Investor and which has received interest free of withholding tax due to the fact that it holds the Notes through an Exempt Account with the Securities Settlement System, will have to declare the interest and pay the applicable withholding tax to the Belgian Treasury itself.

Any capital gain upon a transfer of Notes to a party other than the Issuer will in principle be tax exempt (without prejudice to withholding tax on the interest component if any). Capital losses are in principle not tax deductible.

#### *Organisations for Financing Pensions*

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

#### *Non-residents of Belgium*

For a non-resident of Belgium for Belgian tax purposes which is not holding the Notes through a Belgian establishment or investing in the Notes in the course of a Belgian professional activity, the mere acquisition, ownership or disposal of the Notes will not give rise to any Belgian tax liability in respect of income or capital gains (without prejudice to withholding tax if applicable).

A non-resident company having allocated the Notes to the exercise of a professional activity in Belgium through a Belgian establishment is subject to practically the same rules as a Belgian resident company (see above).

### **Applicable tax section in case of a X-only issuance of the Notes**

#### ***Belgian withholding tax***

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 certain eligible investors (the **Eligible Investors**, see hereinafter) in an exempt securities account (an **Exempt Account**) that has been opened with a financial institution that is a direct or indirect participant (a **Participant**) in the Securities Settlement System. Euroclear and Clearstream are directly or indirectly participants for this purpose.

In this regard, “interest” means (i) the periodic interest income, (ii) any amount paid by or on behalf of the Issuer in excess of the issue price in respect of the relevant Notes (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer) and, (iii) in case of a disposal of the Notes between two interest payment dates, the pro rata part of accrued interest corresponding to the holding period.

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 Exempt Account.

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

1. Belgian companies as referred to in Article 2, §1, 5°, b) of the Income Tax Code of 1992 (the Tax Code);
2. 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°, and without prejudice to the application of Article 262, 1° and 5° of the Tax Code;
3. state-linked social security organisations and institutions assimilated thereto specified in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the Tax Code;
4. non-resident investors as specified in Article 105, 5° of the same Decree;
5. investment funds, recognised in the framework of pension savings, provided for in Article 115 of the same Decree;
6. companies, associations and other taxpayers within the meaning of Article 227, 2° of the Tax Code, having invested the Notes in the exercise of their professional activities in Belgium and being subject to non-resident income tax in accordance with Article 233 of the same Code;
7. the Belgian State, in respect of investments which are exempt from withholding tax in accordance with Article 265 of the Tax Code;
8. investment funds governed by foreign law being an indivisible estate managed by a management company for the account of the participants provided that the fund units are not publicly issued in Belgium or traded in Belgium;
9. Belgian resident companies not referred to under 1° above, when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, inter alia, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under 2° and 3° above.

Upon opening of an Exempt Account with the Securities Settlement System or with a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Eligible Investors, save that they need to inform the Participants of any changes to the information contained in the statement of their eligible status. However, Participants are required to annually provide the National Bank of Belgium with listings of investors who have held an Exempt Account during the preceding calendar year.

These identification requirements do not apply to Notes held in central securities depositories as defined in Article 2, 1st paragraph, (1) of Regulation (EU) N° 909/2014 (**CSD**) as participants to the Securities Settlement System (each a **NBB-CSD**), provided that the relevant NBB-CSD only hold Exempt Accounts and that they are able to identify the Noteholders for whom they hold Notes in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSD as participants include the commitment that all their clients, holder of an account, are Eligible Investors.

An Exempt 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.

## ***Belgian tax on income and capital gains***

### *Belgian resident individuals*

The Notes may only be held by Eligible Investors. Consequently, the Notes may not be held by Belgian resident individuals as they do not qualify as Eligible Investors.

### *Belgian resident companies*

For a Belgian company subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), all interest derived from the Notes and any capital gain on a transfer of Notes will form part of its taxable basis. The standard corporate income tax rate in Belgium is 29.58%. Small and medium-sized companies are taxable at the reduced corporate income tax rate of 20.4% on the first tranche of taxable profits of EUR 100,000.

Any retained Belgian interest withholding tax will generally, subject to certain conditions, be creditable against any corporate income tax due and the excess amount will in principle be refundable. Capital losses on Notes are, in principle, tax deductible.

As of assessment year 2021 linked to a taxable period starting at the earliest on 1 January 2020, the ordinary corporate income tax rate will be 25%, and the reduced corporate income tax rate 20%.

### *Belgian resident legal entities*

Belgian legal entities subject to Belgian legal entities tax (*rechtspersonenbelasting/ impôts des personnes morales*) and which qualify as Eligible Investors and which consequently have received gross interest income are required to declare and pay the 30% withholding tax to the Belgian tax authorities themselves (which withholding tax then generally also constitutes the final taxation in the hands of the relevant investors).

Capital gains realised on the sale of the 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.

### *Non-residents of Belgium*

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

## **Tax on stock exchange transactions**

A tax on stock exchange transactions (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) will be levied upon the sale and purchase in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.12% with a maximum amount of EUR 1,300 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

Following the Law of 25 December 2016, the scope of application of the tax on the stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a **Belgian Investor**). In such a scenario, the tax on the stock exchange



transactions is due by the ordering private individual or legal entity unless that individual or entity can demonstrate that the tax on the stock exchange transactions due has already been paid by the professional intermediary established outside Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*borderel/bordereau*), at the latest on the business day after the day on which the relevant transaction was realised. The qualifying order statements must be numbered in series and duplicates must be retained by the financial intermediary. A duplicate can be replaced by a qualifying agent day-to-day listing, numbered in series. Alternatively, professional intermediaries established outside Belgium can appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (a **Stock Exchange Tax Representative**). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the tax on stock exchange transactions and to comply with the reporting obligations and the obligations relating to the order statement (*borderel/bordereau*) in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions due, the relevant Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

A tax on repurchase transactions (*taks op de reporten/taxe sur les reports*) at the rate of 0.085% will be due from each party to any such transaction in which a stockbroker acts for either party (subject to a maximum of EUR 1,300 per party and per transaction).

Neither of the taxes referred to above will however 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/Code des droits et taxes divers*) for the tax on stock exchange transactions and Article 139, second paragraph of the same code for the tax on repurchase transactions.

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the **FTT**). The proposal 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 tax on stock exchange transactions and the tax on repurchase transactions should thus be abolished once the FTT enters into force.

The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

### **Tax on Securities Accounts**

On 7 February 2018, a law on the introduction of a tax on securities accounts was approved by the Belgian Federal Parliament. The law was published in the Belgian Official Gazette on 9 March 2018 and entered into force the day after its publication. Pursuant to this law, Belgian resident and non-resident individuals are taxed at a rate of 0.15% on their share in the average value of qualifying financial instruments (such as shares, bonds, certain other type of debt instruments, units of undertakings for collective investment, and warrants) held on one or more securities accounts with one or more financial intermediaries during a reference period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year (the **Tax on Securities Accounts**).

No Tax on Securities Accounts is due provided the holder's share in the average value of the qualifying financial instruments on those accounts amounts to less than EUR 500,000. If, however, the holder's share in the average value of the qualifying financial instruments on those accounts amounts to EUR 500,000 or more, the Tax on Securities Accounts is due on the entire share of the holder in the average value of the qualifying

financial instruments on those accounts (and, hence, not only on the part which exceeds the EUR 500,000 threshold).

Qualifying financial instruments held by non-resident individuals only fall within the scope of the Tax on Securities Accounts provided they are held on securities accounts with a financial intermediary established or located in Belgium. Note that pursuant to certain double tax treaties, Belgium has no right to tax capital. Hence, to the extent the Tax on Securities Accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty protection may, subject to certain conditions, be claimed.

A financial intermediary is defined as (i) a credit institution or a stockbroking firm as defined by Article 1, §2 and §3 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms and (ii) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are pursuant to national law admitted to hold financial instruments for the account of customers.

The Tax on Securities Accounts is in principle due by the financial intermediary established or located in Belgium if (i) the holder's share in the average value of the qualifying financial instruments held on one or more securities accounts with said intermediary amounts to EUR 500,000 or more or (ii) the holder instructed the financial intermediary to levy the Tax on Securities Accounts due (e.g. in case such holder holds qualifying financial instruments on several securities accounts held with multiple intermediaries of which the average value of each of these accounts do not amount to EUR 500,000 or more but of which the holder's share in the total average value of these accounts exceeds EUR 500,000 EUR). Otherwise, the Tax on Securities Accounts must be declared and will be due by the holder itself, unless the holder provides evidence that the Tax on Securities Accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium may appoint a Tax on the Securities Accounts representative in Belgium, subject to certain conditions and formalities (**Tax on the Securities Accounts Representative**). Such a Tax on the Securities Accounts Representative will then be liable towards the Belgian Treasury for the Tax on the Securities Accounts due and for complying with certain reporting obligations in that respect.

Belgian resident individuals must report in their annual income tax return their various securities accounts held with one or more financial intermediaries of which they are considered as a holder within the meaning of the Tax on Securities Accounts. Non-resident individuals must report in their annual Belgian non-resident income tax return their various securities accounts held with one or more financial intermediaries established or located in Belgium of which they are considered as a holder within the meaning of the Tax on Securities Accounts.

Prospective Investors are strongly advised to seek their own professional advice in relation to the Tax on Securities Accounts.

### **The proposed financial transactions tax**

On 14 February 2013, the EU Commission published a proposal for a Council Directive (the **Draft Directive**) on enhanced cooperation in the area of financial transaction tax (the **FTT**). Pursuant to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain) (the **Participating Member States**). In December 2015, Estonia withdrew from the group of states willing to introduce the FTT.

The Draft Directive has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Draft Directive, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States, and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective Holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with the subscription, purchase, holding or disposal of the Notes.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a “foreign financial institution” may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Prospective investors should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

Under the Belgian Law of 16 December 2015 (*Wet van 16 december 2015 tot regeling van de mededeling van inlichtingen betreffende financiële rekeningen, door de Belgische financiële instellingen en de FOD Financiën in het kader van automatische uitwisseling van inlichtingen op internationaal niveau en voor belastingdoeleinden/Loi du 16 décembre 2015 réglant la communication des renseignements relatifs aux comptes financiers, par les institutions financières belges et le SPF Finances, dans le cadre d'un échange automatique de renseignements au niveau international et à des fins fiscales*), which implements FATCA, Belgian financial institutions holding Notes for “US accountholders “ and for “Non-US owned passive Non-Financial Foreign entities” shall report financial information regarding the Notes (such as income and gross proceeds) to the Belgian competent authority, who shall communicate the information to the US tax authorities.

## SUBSCRIPTION AND SALE

### Summary of Programme Agreement

The Dealers have in an amended and restated Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 20 March 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with any update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### 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 or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed; and each further Dealer appointed under the Programme will be required to represent and agree that, it will not offer, sell or deliver Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

This Base 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 Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base 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.

### **Prohibition of sales to EEA retail investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (b) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Prohibition of sales to consumers in Belgium**

The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to “consumers” (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit économique*), as amended.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) 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 (ii) 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 as 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 Financial Services and Markets Act 2000 (the **FSMA 2000**) by the Issuer;
- (b) 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 FSMA 2000) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA 2000 does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA 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 Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefore.

## **GENERAL INFORMATION**

### **Authorisation**

The update of the programme and the issue of Notes by Proximus has been duly authorised by a resolution of the Board of Directors of Proximus dated 28 October 1999 which was confirmed and extended on 25 April 2001, 24 July 2008, 6 May 2010, 15 December 2012, 12 December 2013, 18 December 2014, 30 July 2015, 17 December 2015, 16 December 2016, 14 December 2017 and 13 December 2018.

### **Approval of Notes, Listing and admission to trading**

This Base Prospectus has been approved as a base prospectus on 20 March 2019 by the FSMA in its capacity as competent authority under the Prospectus Law, which implemented the Prospectus Directive. Application has also been made to Euronext Brussels for Notes issued under the Programme to be admitted to trading and listing on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of MiFID II.

### **Documents Available**

For as long as the Programme remains valid with Euronext Brussels, copies of the following documents will, when published, be available for inspection from the registered offices of the Issuer and from the specified office of the Domiciliary Agent:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the audited consolidated financial statements of the Group in respect of the financial years ended 31 December 2017 and 31 December 2018 (with an English translation thereof);
- (c) the most recently published audited consolidated annual financial statements of the Group (with an English translation thereof) and the most recently published unaudited consolidated semi-annual interim financial statements of the Group (with an English translation thereof);
- (d) the Domiciliary Agency Agreement;
- (e) a copy of this Base Prospectus; and
- (f) any future offering circulars, prospectuses, supplements and Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in 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 as to its holding and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

### **Clearing System**

Interests in the Notes will be represented by entries in securities accounts maintained with the Securities Settlement System itself or participants or sub-participants in such system approved by the Belgian Minister of Finance. Such participants include Euroclear and Clearstream. The Securities Settlement System maintains securities accounts in the name of authorised participants only. 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.

The Notes have been accepted for clearance through the Securities Settlement System. The appropriate Common Code and identification number will be specified in the relevant Final Terms.

The address of the Securities Settlement System is SA Banque Nationale de Belgique, boulevard de Berlaimont 14, B-1000 Bruxelles, Belgium.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions and will be disclosed in the applicable Final Terms.

### **Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated on the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer or its subsidiaries since 31 December 2018 and there has been no material adverse change in the financial position or prospects of the Issuer or its subsidiaries as a whole since 31 December 2018.

### **Litigation**

Save as set out on pages 101-103 of this Base Prospectus in relation to the Group, neither the Issuer nor any of its subsidiaries (whether as defendant or otherwise) is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and its subsidiaries are aware) in the 12 months preceding the date of this document the results of which have or have in such period had a significant effect on the financial position or profitability of the Issuer and its subsidiaries.

### **Auditors**

Deloitte Bedrijfsrevisoren BV ovve CVBA (represented by Michel Denayer and Nico Houthaeye, both members of the IBR (the “*Institut des Réviseurs d’Entreprises/ Instituut van de Bedrijfsrevisoren*”)) (**Deloitte**) have audited the consolidated financial statements of the Group in accordance with generally accepted auditing standards in Belgium for the financial years ended 31 December 2017 and 31 December 2018. In accordance with generally accepted auditing standards in Belgium, the auditors have issued an audit opinion without qualification on 1 March 2019 in respect of the financial statements of the financial year ended 31 December 2018.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer



or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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*To Proximus as to Belgian law*

**Stibbe cvba/scrl**

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*To the Dealers as to Belgian law*

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**Deloitte Bedrijfsrevisoren BV ovve CVBA**

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Belgium

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United Kingdom

### **Barclays Bank Ireland PLC**

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DO2RF29  
Ireland

### **BNP PARIBAS**

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London NW1 6AA  
United Kingdom

### **Belfius Bank NV/SA**

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B-1210 Sint-Joost-Ten-Node  
Belgium

### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

### **ING Bank N.V., Belgian Branch**

Avenue Marnix 24  
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Belgium

### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### **KBC Bank NV**

Havenlaan 2  
B-1080 Brussels  
Belgium

### **Lloyds Bank Corporate Markets plc**

10 Gresham Street  
London EC2V 7AE  
United Kingdom

### **NatWest Markets N.V.**

Claude Debussylaan 94  
1082 MD Amsterdam  
The Netherlands

### **NatWest Markets Plc**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

## BELGIUM LISTING AGENT

### **BNP Paribas Securities Services, SCA, Brussels Branch**

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