

**SECOND SUPPLEMENT DATED 8 NOVEMBER 2016 TO THE PROSPECTUS DATED
22 FEBRUARY 2016**

N.V. NEDERLANDSE GASUNIE

*(incorporated with limited liability in the Netherlands and having its corporate seat in
Groningen, the Netherlands)*

EUR 7,500,000,000

Euro Medium Term Note Programme

Due up to 50 years from the date of Issue

This supplement dated 8 November 2016 (the "**Second Supplement**") is supplemental to, and should be read in conjunction with, the prospectus dated 22 February 2016 (the "**Prospectus**") as supplemented by the first supplement to the Prospectus dated 3 May 2016 (the "**First Supplement**", and together with the Second Supplement, the "**Supplements**"), each relating to the EUR 7,500,000,000 Euro Medium Term Note Programme (the "**Programme**") of N.V. Nederlandse Gasunie (the "**Issuer**"). The Supplements, together with the Prospectus, comprise a base prospectus for the purposes of article 5.4 of the Prospectus Directive. As used herein, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

This Second Supplement constitutes a supplement to a prospectus for the purposes of Article 16 of the Prospectus Directive and has been prepared in accordance with Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder. This Second Supplement is the second supplement to the Prospectus and has been approved by, and filed with, the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*). Terms used but not defined in this Second Supplement have the meanings ascribed to them in the Prospectus, as supplemented by the First Supplement.

To the extent that there is any inconsistency between (a) any statement in this Second Supplement or any statement incorporated by reference into the Prospectus by this Second Supplement and (b) any other statement in or incorporated by reference in the Prospectus, as supplemented by the First Supplement, the statements in (a) above will prevail.

The Issuer accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Second Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

So long as Notes are capable of being issued under the Programme, copies of the Prospectus, the Supplements, together with the documents incorporated by reference in the Prospectus and the Supplements and the other documents listed in the "*General Information*" section of the Prospectus, can be obtained in electronic form or hard copy by request and free of charge. In order to make such a request, please write to ir@gasunie.nl. In addition, the Supplements, the Prospectus and the documents which are incorporated by reference in the Prospectus and the Supplements are available for viewing on the Issuer's website: <http://www.gasunie.nl/en/investor-relations/debt-programmes/european-medium-term-notes-emtn-programme>.

The Dealers have not independently verified the information contained in any Supplement or in the Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in any Supplement, the Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in the Prospectus, any Supplement or any other information provided by the Issuer in connection with the Programme.

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 any Supplement, the 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 or any of the Dealers.

Neither any Supplement, the Prospectus nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of any Supplement, the 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 any Supplement, the 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 or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of any Supplement, the Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in the Supplements and the Prospectus concerning the Issuer is correct at any time subsequent to the date hereof (in the case of the Second Supplement), to 3 May 2016 (in the case of the First Supplement) or to 22 February 2016 (in the case of the Prospectus) or that any other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same. 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. Investors should review, *inter alia*, the financial statements incorporated herein by reference when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, 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 (see section "*Subscription and Sale*" in the Prospectus).

Neither any Supplement nor the Prospectus constitutes 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 such jurisdiction. The distribution of the Supplements and the Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that any Supplement or the 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, no action has been taken by the Issuer or the Dealers which would permit a public offering (unless expressly indicated otherwise) of any Notes or distribution of any Supplement or the Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither any Supplement, the 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 any Supplement, the Prospectus or any Notes may come must inform themselves about, and observe any such restrictions on the distribution of each Supplement, the Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of each Supplement, the Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the Netherlands, the United Kingdom, Italy and France) and Japan (see section "*Subscription and Sale*" in the Prospectus).

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 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 person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

All references in this document to websites or uniform resource locators ("**URLs**") are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, the Prospectus or this Second Supplement.

Save as disclosed in this Second Supplement, no other significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus, as amended by the First Supplement, has arisen or been noted, as the case may be, since the publication of the Prospectus and the First Supplement.

Supplement

This Second Supplement has been published for the purposes of including in the Prospectus, as supplemented by the First Supplement (information regarding):

- the Issuer's semi-annual report (paragraphs 1-5);
- regulatory updates (paragraphs 6-15);
- litigation updates (paragraphs 16-18);
- the Issuer's strategy (paragraph 19);

- board members' positions (paragraphs 20-24); and
- miscellaneous (paragraphs 25-29).

Amendments and additions to the Prospectus

With effect from the date of this Second Supplement, the information appearing in, or incorporated by reference into, the Prospectus, as supplemented by the First Supplement, shall be amended and/or supplemented in the manner described below.

References in this Second Supplement to items, words, paragraphs and sentences of the Prospectus are to the Prospectus as supplemented by the First Supplement. References in this Second Supplement to page numbers in the Prospectus are to the page numbers in the Prospectus without taking into account the supplements of the First Supplement.

N.V. Nederlandse Gasunie Semi-annual report 2016

1. The following text is inserted as item (c) of the list on page 26 of the Prospectus (section "*Documents Incorporated by Reference*"), and as a result, the current items (c) and (d) become items (d) and (e), respectively:

"(c) the N.V. Nederlandse Gasunie Semi-annual Report 2016 (English version), pages 13 through 26, containing the publicly available unaudited condensed consolidated interim financial statements of the Issuer (including the notes thereto and the independent auditor's review report thereon) for the six-month period ended 30 June 2016;"

2. The final sentence of the first paragraph under the heading "*3.4 Audit Committee*" on page 74 of the Prospectus (section "*Description of the Issuer*") starting with the words "*PwC*" and ending with the words "*31 December 2015*" is replaced by the following sentence:

"PwC has audited the financial statements of the financial year ended 31 December 2015 and reviewed the condensed consolidated interim financial statements of the Issuer for the six-month period ended 30 June 2016."

3. The following text is inserted as item (c) of the first list on page 106 of the Prospectus (section "*General Information*"), and as a result, the current items (c), (d) and (e) become items (d), (e) and (f), respectively:

"(c) the N.V. Nederlandse Gasunie Semi-annual Report 2016 (English version), pages 13 through 26, containing the publicly available unaudited condensed consolidated interim financial statements of the Issuer (including the notes thereto and the independent auditor's review report thereon) for the six-month period ended 30 June 2016;"

4. The two paragraphs under the heading "*Significant or Material Change*" on page 107 of the Prospectus (section "*General information*") are replaced by the following paragraphs:

"There has been no significant change in the financial or trading position of the Group since 30 June 2016.

Other than the potential impact on GTS' revenues of the method decision for the

regulatory period 2017-2021 and the possible retroactive settlement for measurement differences (see the risk factor "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme - Regulatory and legislative risks*" above), there has been no material adverse change in the prospects of the Group since 31 December 2015."

5. The final paragraph under the heading "*Auditors*" on page 109 of the Prospectus (section "*General Information*") is replaced by the following paragraph:

"PwC has issued an unqualified independent auditor's report on the consolidated and company only financial statements of the Issuer for the financial year ended 31 December 2015 dated 16 March 2016 and an unqualified independent auditor's review report on the condensed consolidated interim financial statements of the Issuer for the six-month period ended 30 June 2016."

Regulatory updates

6. The seventh, eighth and ninth paragraph (as inserted by the First Supplement), starting with the words "*On 6 April 2016*" and ending with the words "*operations and financial position*", and the tenth paragraph, starting with the words "*In Germany a new regulatory period will start in 2018*" and ending with the words "*by the BNetzA*", under the heading "*Regulatory and legislative risks*" on page 7 of the Prospectus (section "*Risk Factors*") are deleted and replaced by the following text:

"Method decisions new regulatory period

On 6 April 2016, the ACM published the draft method decision which, except for the static efficiency benchmarks, includes the methodology to be applied and all relevant regulatory parameters. Parties have submitted their views on this draft method decision to the ACM in May 2016.

The draft method decision applies to the period 2017-2021. The allowed revenues in the new regulatory period are based on the efficient costs. The ACM introduces a distinction between a WACC for existing assets and for new assets. The allowed real pre-tax WACC for existing assets is set at 3.7% in 2016 and at 3.1% in 2021 and for new assets at 3.0% during the whole regulatory period. The yearly productivity factor (frontier shift) is 0.6% on all costs. The allowed operational costs will be based on the average of realised costs in the years 2013-2015. A novelty is that the (partial) settlement of energy costs is abolished, exposing GTS to increased risks on these energy costs. Furthermore, the ACM introduces the possibility of an immediate adjustment of allowed revenues to efficient costs (the so-called "one-off"). On 17 May 2016, GTS submitted its view on the draft method decision. In this view, GTS has – amongst other things – expressed fundamental objections against the one-off, the abolishment of settlement on energy costs and the estimate of the allowed pension costs.

On 3 June 2016, the ACM published a second draft method decision in addition to the first draft method decision which describes the application of the static efficiency benchmarks in the method of regulation. With the static efficiency benchmarks, the ACM intends to determine the static efficiency of GTS by comparing the costs of GTS with other European gas network operators. The ACM has commissioned two benchmark studies. In the first benchmark study GTS is compared with German gas network operators. This study yields three different benchmark scores for GTS: 75%, 79% and 91%. The second study, initiated by the

ACM in conjunction with the Council of European Energy Regulators, resulted in a benchmark score of 66% for GTS.

The ACM uses the outcomes of these benchmark studies to determine the parameter 'theta' for GTS in 2021, being the percentage that is applied to the costs of GTS to determine the expected efficient costs in the final year of the regulatory period. According to the second draft method decision, the allowed revenues and (therefore) tariffs of GTS should gradually converge to the level of these efficient costs at the end of the period (the theta in 2016 is set at 100%). Note that the result of a benchmark will not be applied to costs deemed out of scope in that benchmark. In accordance with that, the ACM calculates GTS' static efficiency as follows: the average benchmark score of the second study and the average result of the three scores of the first study will be applied to the relevant cost base of each benchmark study to determine the efficient costs. The average of both results would lead to an overall reduction of allowed revenues in 2021 of approximately 20%. The ACM is still to decide on the final theta.

Parties have submitted their views on this draft method decision to the ACM in July 2016. In this view GTS has – amongst other things – expressed fundamental objections to the legal basis for the benchmark and the applied benchmark methodology, especially with a view to the limited and heterogeneous peer group that is used in the abovementioned studies.

The final method decision, which can be appealed by all parties, is expected in the beginning of 2017 and is expected to be applied retroactively from 1 January 2017. The ACM is still to take formal decisions in this respect. The final method decisions of the other system operators (TenneT and the regional distribution companies) have been published in September 2016. Based on these final method decisions and because of harmonisation of the WACC parameters for all system operators, GTS expects adjustments in the allowed real pre-tax WACC: for existing assets the WACC is expected to be 4.3% in 2016 and 3.0% in 2021 and for new assets the WACC is expected to be 3.6% in 2016 and 3.0% in 2021.

The adjustments the ACM has made to the parameters of the relevant regulatory variables for the regulatory period 2017-2021, compared to the method decision for the current regulatory period 2014-2016, would lead to an expected decrease of the allowed revenues in 2017 and further of EUR 100-150 million compared to the 2016 allowed revenue level (not taking into the account the static efficiency). Furthermore, it is expected that every 10% static inefficiency would, by the end of the regulatory period, lead to an additional decrease of the yearly allowed revenues of approximately EUR 80-90 million and that this revenue reduction in 2021 will occur in yearly steps. Therefore, the draft method decisions could lead to a total decrease of allowed revenues of approximately EUR 260-330 million per year by 2021. The exact impact may vary and is dependent on the final method decision and potential appeal proceedings. The outcome of the final method decision, including the static benchmark result, can therefore have a material impact on Gasunie's revenues, cash flows, results of operations and financial position and can therefore lead to an impairment of tangible fixed assets. Gasunie management intends to do an impairment test, as part of the financial closing process 2016, in which the above-mentioned developments and the expected results from any appeals against the final method decision will be assessed.

Risk of retroactive settlements for measurement differences

The ACM currently investigates the financial settlement resulting from measurement differences in gas quantities. In the past any negative or positive differences were at the risk of GTS. The ACM is now investigating whether - and if so to what extent – the measurement differences should (have) come to the expense and risk of the market. The financial impact depends on the outcome of the ACM's investigation. During a stakeholder meeting in October the ACM proposed that it will settle the measurements retroactively. A settlement with the market could lead to a total future revenues reduction up to approximately EUR 200 million in aggregate. Such reduction in allowed revenues would be in addition to any reduction in allowed revenues caused by the effects of the method decisions as described above and could have a material impact on Gasunie's revenues, cash flows, results of operations and financial position.

A new regulatory period for GUD will start in 2018

In Germany a new regulatory period will start in 2018. Before the start of this new regulatory period, the parameters of the relevant regulatory period, and thereby the applicable revenue cap for GUDTS, will be reset by the BNetzA. For more details, see "*Description of the Issuer – 6.2.2 GUD – H. Future regulatory developments*" below."

7. The third, fourth, fifth and sixth sentence of the penultimate paragraph under the heading "*Regulatory and legislative risks*", on page 9 and 10 of the Prospectus (section "*Risk Factors*"), starting with the words "*If the STROOM*" and ending with the words "*senate to decide*", are replaced by the following text:

"On 14 April 2016, the Minister of Economic Affairs published a legislative proposal, which includes amendments to the Gas Act and the Dutch Electricity Act (*wetsvoorstel 'Voortgang Energietransitie'*). The legislative proposal is expected to be sent to the Second Chamber in Q4 2016 and the earliest date on which it could enter into force is 1 July 2017. The legislative proposal intends to amend parts of the Gas Act and, if adopted, will affect GTS. The proposal intends to limit the scope of the activities that GTS is allowed to perform outside its statutory tasks as a TSO and of the activities of other Group companies."

8. The following sentence is added as the final sentence of the sixth paragraph (as replaced by the First Supplement) under the heading "*6.2.1 GTN – A. General*", on page 81 of the Prospectus (section "*Description of the Issuer*"), starting with the words "*However, on 22 December 2015*" and ending with the words "*RTL-system*":

"Also the new legislative proposal (*wetsvoorstel "Voortgang Energietransitie"*) does not provide the changes to the Gas Act that are necessary to allow GGS to operate as a TSO next to GTS."

9. The second and third sentence of the paragraph under the heading "*Tariffs*" on page 84 of the Prospectus (section "*Description of the Issuer*" under the heading "*6.2.1 GTN – E. Business model GTS*"), starting with the words "*They are determined*" and ending with the words "*estimated capacity bookings*", are replaced by the following three sentences:

"The determination of the tariffs has to be in accordance with the European and Dutch legislation (Gas Act and the Dutch Tariff Code) as well as the method and X-

- factor decision. In the method decision for the years 2014-2016 a system of revenue regulation was introduced. In a revenue-cap system the tariffs are calculated by dividing the allowed revenues by the estimated capacity bookings."
10. The words ", *but it intends to do so in the next regulation period starting in 2017*" in the second item of the bulleted list on page 85 of the Prospectus (section "*Description of the Issuer*") are deleted and replaced by a full stop.
11. The final two sentences of the last paragraph under the subheading "*Investments and return*", on page 85 of the Prospectus (section "*Description of the Issuer*" under the heading "*6.2.1 GTN – E. Business model GTS*"), starting with the words "*The ACM will*" and ending with the words "*21 August 2015*", are replaced by the following two sentences:
- "The ACM has taken this into account in the tariff for 2016. An appeal against this decision is pending."
12. The first two paragraphs under the heading "*6.2.1 GTN – G. Regulatory developments*" on page 87 of the Prospectus (section "*Description of the Issuer*"), starting with the words "*In November 2013*" and ending with the words "*to early 2016*", are replaced by the following two paragraphs:
- "Every two years, the North West European TSOs publish their Gas Regional Investment Plan with a five year horizon. This is a regional statement on long-term gas infrastructure development and related topics. It provides an overview of all relevant developments in the region and specifically focuses on projects that will have a direct impact on the capacity at the internal and external borders of the region. It provides further information to shippers about which projects could provide additional capacity in the region.
- The draft Network Code on Rules regarding Harmonised Transmission Tariff Structures for Gas was approved by the relevant European Union governing body. This code aims to ensure a stable, transparent and cost reflective transmission tariff structure that prevents cross subsidies between network users and that leads to efficient investments. Expected entry into force is April 2017."
13. The four paragraphs under the subheading "*GTS: New regulatory period starting in 2017*" (as inserted by the First Supplement) on page 87 of the Prospectus (section "*Description of the Issuer*" under the heading "*6.2.1 GTN – G. Regulatory developments*"), starting with the words "*In 2017 a new regulatory period will start*" and ending with the words "*Regulatory and legislative risks*" above)", are deleted and replaced by the following paragraph:
- "In 2017 a new regulatory period will start for GTS. The method decisions in respect of this period are discussed in the risk factor "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme - Regulatory and legislative risks*" above under the heading "*Method decisions new regulatory period*"."
14. The third paragraph under the subheading "*Incentive regulation*" on page 89 of the Prospectus (section "*Description of the Issuer*" under the heading "*6.2.2 GUD – E. Current regulation and tariff model*"), starting with the words "*At the end*" and ending with the words "*will affect GUD*", is deleted.

15. The first three paragraphs under the heading "6.2.2 GUD – H. Future regulatory developments" on page 91 of the Prospectus (section "Description of the Issuer"), starting with the words "At the end" and ending with the words "by the BNetzA", are replaced by the following four paragraphs:

"In Germany a new regulatory period will start in 2018. Before the start of this new regulatory period, the parameters of the relevant regulatory period, and thereby the applicable revenue cap for GUDTS, will be reset by the BNetzA.

At the end of 2013, BNetzA started a consultation process to map the effects of incentive regulation including efficiency benchmarking. BNetzA was required by law to make the report of this available to the Ministry of Economic Affairs (BMWFi) before the end of 2014. Possible adjustments of the regulatory framework based on BNetzA's findings are expected to be implemented in law in 2016. In August 2016, the amendment of Incentive Regulation was approved by the federal government. After official publication (in the so-called Bundesanzeiger) it will become legally binding. The adjustments for TSOs, like GUDTS, are marginal and have no significant impact. DSOs (regional grid operators) are significantly affected. The amendment is expected to enter into force in Q4 2016.

For the regulatory period starting in 2018, BNetzA has started a consultation in which it proposed equity rates of 6.91% for new assets and 5.11% for existing assets. Several market parties have filed their respective opinions. A final decision on the equity rates for the time period 2018-2022 could be taken in Q4 2016.

At the end of Q2 2016 GUD filed its cost application to BNetzA based on the costs occurred in the base/photo year 2015. Based on the approved costs and an efficiency benchmark BNetzA has to decide by end of 2017 on the allowed revenue cap for GUD for the regulatory period 2018-2022.

The process of finding a solution for an appropriate cost allocation for the purposes of tariff calculation, including establishing inter-TSO compensations within the German multi-TSO entry/entry-zones (*Horizontale Kostenwälzung*), was started by BNetzA in August 2013 and is still under development. Finalisation of the cost allocation is expected by the end of 2016, after it will enter into force as of 1 January 2018."

Litigation updates

16. The eleventh through the sixteenth paragraph (as amended by the First Supplement) under the heading "Regulatory and legislative risks" on page 7 of the Prospectus (section "Risk Factors"), starting with the words "On 2 October 2013" and ending with the words "increase of its tariffs in subsequent years" are deleted and replaced by the following text:

"Method decision 2014-2016

GTS disagrees with a number of elements in the method decision 2014-2016 and has therefore filed an appeal with the CBB claiming that the WACC is too low and does not reflect the cost of capital incurred by an efficient TSO. Both the Dutch distribution system operators for gas and electricity and the Dutch TSO for electricity filed similar appeals against the applicable method decision and the determination of the WACC. Furthermore in the opinion of GTS the cost reduction target (also known as frontier shift) is too high (due to research results which GTS

believes are inadequate) and is based on an incorrect starting point (2013 onwards, instead of 2014 onwards). Finally, GTS believes the budget for regular expansion investments was set too low. A court hearing took place in September 2014.

By interlocutory order of 5 March 2015, the CBB ordered the ACM to revise its decision with respect to the frontier shift parameter and to provide additional justification for its decision with respect to the WACC. In reaction to the interlocutory order of the CBB, the ACM revised its decision by publishing a draft method decision for the period 2014-2016 on 1 September 2015. The ACM opted to revise the method decision with respect to the height and application of the frontier shift parameter. In the draft, the parameter is set at 1.1% (instead of 1.3%). Furthermore, the parameter for the years 2010-2013 (which is used to determine the allowed income for the start of the regulatory period as of 2014) is also revised: the parameter used for those years is set at 1.0% instead of 1.3%. The ACM indicated it will not revise the parameter used to set the allowed cost of debt as part of the WACC. Instead, it issued a revised justification for the original parameter.

GTS has submitted its views on the revised justification to the CBB and on the new draft method decision to the ACM in October and November 2015. On 12 January 2016, in an interlocutory order, the CBB ruled in favour of GTS and other system operators regarding the justification of the cost of debt. The CBB ordered the ACM to take a new decision on the cost of debt compensation which takes the costs of existing long term loans into account. The CBB ordered the ACM to re-determine the cost of debt compensation within one month, in consultation with the system operators. Furthermore, the CBB ordered the ACM to base the new cost of debt allowance on a model developed by GTS.

On 11 February 2016, the ACM published an adjusted method decision, in which it adjusted the cost of debt compensation. Since the ACM used more recent data with regard to the cost of debt, the ACM did not increase the WACC to the suggested 3.8% in its adjusted decision, but left the WACC unchanged at 3.6%. On 21 March 2016, a hearing on the adjusted decision took place before the CBB. It is expected that the CBB will take a final decision in Q4 2016.

Furthermore, GTS appealed against the decision of 21 August 2015 by which the method decision for the period 2014-2016 was adjusted. This regarded the allocation of certain costs between the existing connection task and the transmission task. On 19 February 2016, the ACM lodged its statement of defence. The timing of a decision by the CBB is unclear, since no hearing has been scheduled yet.

If GTS' appeals regarding the WACC and the allocation of certain costs between the existing connection task and the transmission task are upheld, this may lead to higher revenues for GTS and may have a positive effect on the Issuer's results of operation, financial condition, prospects and cash flows.

Objections against X-factor decision 2014-2016

GTS also lodged a notice of objection to the X-factor decision 2014-2016. The ACM will decide on these objections after the court's final decision on the method decision 2014-2016. Since this court's final decision is expected in Q4 2016, the Issuer expects the ACM's decision in 2017.

Objections and appeal against different tariff decisions

In addition, several third parties appealed against the decision of the ACM on objections to the tariff decision for GTS for 2014. The main objections of these parties against the tariff decision are that the tariff for existing connections is a capacity dependent uniform tariff and there is a lack of transparency with regard to the entry and exit tariffs. A court hearing took place on 22 April 2016. A decision is expected in Q4 2016. Also, appeals by third parties have been lodged to the decision of the ACM on objections to the ACM tariff decision for GTS for 2015. The grounds of appeal are more or less the same as in the appeal against the tariff decision 2014 and therefore the CBb will decide on these appeals after having given a decision on the tariff decision for 2014. Against the tariff decision for GTS for 2016 several objections have been lodged, including one by GTS. If any of the appeals by third parties would be upheld, the ACM could force GTS to decrease its tariffs in subsequent years."

17. All paragraphs (as amended by the First Supplement) but the first paragraph under the subheading "*Method Decision 2014-2016: stable developments in regulation; appeal against decisions*" (as amended by the First Supplement) on page 85 of the Prospectus (section "*Description of the Issuer*" under the heading "*6.2.1 GTN – E. Business model GTS*"), starting with the words "*GTS has stated*" and ending with the words "*open to appeal*", are deleted and replaced by the following text:

"Several third parties' and GTS's appeals against several of the ACM's decisions are described in the risk factor "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme – Regulatory and legislative risks*" above under the headings "*Method decision 2014-2016*", "*Objections against X-factor decision 2014-2016*" and "*Objections and appeal against different tariff decisions*".

A number of other ongoing proceedings relating to regulatory issues is described in the paragraph "*General Information – Litigation*" below."

18. All paragraphs (as amended by the First Supplement) under the heading "*Litigation*" on page 107 of the Prospectus (section "*General Information*"), starting with the words "*In order to ensure*" and ending with the words "*and/or the Group*", are deleted and replaced by the following text:

"Complaint and appeal against WQA-services

Three customers of the Gate LNG facility filed a complaint with the ACM against Gate and GTS with respect to the tariff for Wobbe Quality Adaptation (WQA)-services as applied by Gate. WQA is a service that makes LNG suitable for feed-in into the GTS network. This service is contracted by Gate with GTS and then offered by Gate to the customers of Gate. The customers' complaints relate to two periods: a) the period before 1 October 2014, when WQA was, as argued by GTS, in the non-regulated domain, and b) the period after 1 October 2014, when WQA was explicitly regulated.

On 27 November 2015, the ACM decided with respect to the period before 1 October 2014 that the service offered by GTS qualifies as quality conversion which GTS is legally obliged to provide pursuant to the Gas Act. Therefore, in the view of the ACM, GTS was not allowed to charge the customers a non-regulated tariff. Following the decision, GTS reimbursed Gate in 2015.

GTS expects that the ACM will allow recovery of the efficient costs of the WQA-service (and therefore part of the reimbursed amount) in the future quality conversion tariffs. GTS and other parties have filed appeals against the decision by the ACM with the CBb.

On 5 April 2016, the ACM decided with respect to the period after 1 October 2014 that WQA is a regulated service, as argued by GTS. However, the ACM decided that GTS acted in violation of Regulation (EC) 715/2009 because GTS allegedly was not transparent enough on its WQA-tariff. The ACM also ruled that GTS allegedly acted in violation of the Gas Act, because GTS (i) applied a higher WACC for the WQA-tariff than the WACC as determined in the method decision for the period 2014-2016 and (ii) does not determine the tariff based on actual operational costs (settlement), but on estimates. Further, the ACM decided that GTS is to adjust the WQA-tariff if it turns out that blending station Botlek is not 100% efficient, which is to be determined in Q4 2016. Pursuant to the decision, GTS must make a relatively small adjustment to its WQA tariffs, which is expected to have only a limited negative effect on the revenues of GTS. GTS and other parties have filed appeals against the decision by the ACM with the CBb. A hearing is scheduled to take place on 28 November 2016. A judgment is expected for Q1 2017.

Legal proceedings against technical code proposals

The joint Dutch system operators (*gezamenlijke netbeheerders*), including GTS, have under the applicable procedure in the Gas Act proposed several changes to the current relevant technical codes applicable to network operators other than GTS. These changes were intended to allow GGS, the owner of the RTL-system, to operate the RTL-system within a joint balancing zone with GTS (see also "Description of the Issuer – 6.2.1 GTN – A. General" above). However, the joint Dutch system operators and the ACM were not able to reach a common understanding on this approach. It is expected that GTS will initiate legal proceedings with the CBb, dealing with the compatibility of the proposed changes to the technical codes with the Gas Act in Q4 2016. If the appeal is not upheld, this may be a complication for GGS to be appointed as a separate TSO, as intended by Gasunie.

Appeals against BNetzA

GUD has filed an appeal at the Court of Appeal (Oberlandesgericht) in Düsseldorf against the indices used by the BNetzA to establish the value of the regulatory asset base for the first regulatory period (the period of 1 January 2010 until 31 December 2012). The court decided in favour of GUD and BNetzA is obliged to revise its decision. The revised decision is expected to have a small but positive effect on GUD earnings.

Following a complaint by a storage operator, BNetzA has evaluated the tariffs of GUD's entry and exit points. BNetzA has rejected the complaint of the storage operator. The Storage operator has appealed against the BNetzA decision at the Court of Appeal (Oberlandesgericht) in Düsseldorf. Meanwhile the court case has been suspended until further notice at the request of the storage operator.

Except as described above and in the risk factor "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme – Regulatory and legislative risks*" above under the headings "*Method decision 2014-2016*", "*Objections against X-factor decision 2014-2016*" and "*Objections and*

appeal against different tariff decisions", there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Group."

The Issuer's strategy

19. The five paragraphs under the heading "*Strategic Pillars*" on page 78 of the Prospectus (section "*Description of the Issuer*"), starting with the words "*Gasunie focuses on*" and ending with the words "*huge potential growth*", are deleted and replaced by the following text:

"Gasunie focuses on three strategic pillars: (1) ensure a secure, reliable, affordable and sustainable gas infrastructure in our key area, (2) contribute to efficient gas infrastructure & services for a well-functioning European gas and LNG market and (3) accelerate the transition to a CO₂-neutral energy supply.

1. Ensure a secure, reliable, affordable and sustainable gas infrastructure in our key area

Gas transmission continues to be the basis of Gasunie's strategy. Safety, reliability and operational excellence, with adherence to the highest business and environmental standards, determine Gasunie's license to operate. Gasunie will optimise the value of its existing assets, taking into account its license to operate and customer need for (new) capacity and innovative solutions. Gasunie wants to help to shape an attractive regulatory environment for gas transport and related services and reduce the environmental impact of its activities.

2. Contribute to efficient gas infrastructure & services for a well-functioning European gas and LNG market

Gasunie wants to contribute to efficient gas infrastructure and related services that enable a well-functioning European gas and LNG market. In its key market area in North Western Europe, Gasunie aims to strengthen its leading position by selectively pursuing mergers, acquisitions and strategic cooperation and thereby further market integration. Outside of Northwest Europe, Gasunie seeks participation in projects and infrastructure that contribute to a well-functioning internal European infrastructure, such as participations in pipelines on key supply and transit routes and at European entry points (e.g. LNG and storage).

3. Accelerate the transition to a CO₂-neutral energy supply

Gas and renewable energy, such as wind and solar energy, form a strong partnership, combining affordability and reliability with sustainability. Gas and gas infrastructure provide a powerful, flexible and efficient buffer mechanism that ensures the balance between demand and changing supply patterns in which the share of intermittent energy sources is increasing. Flexible use of infrastructure and investments in new integrative and smart facilities will encourage the integration of various energy sources. Gasunie believes in a sustainable future with a balanced, integrated energy system in which a permanent role is reserved for gas. Gasunie expects that the share of gas from renewable sources, such as biomethane and hydrogen, in the total gas production will increase. "Gasunie New Energy" focuses on increasing the share of green gas in the energy mix via

fermentation and gasification technology and infrastructure and works actively on innovative approaches to enhance the integration of energy modalities, for instance via smart conversions of renewable electricity to gas, in order to develop solutions for large scale storage of renewable energy. These new developments enhance the strength of the gas and power value chain. Based on Gasunie's experience in the development of large scale energy infrastructure, Gasunie is also actively exploring participations in large scale heat networks in the Netherlands and, based on societal acceptance and economic viability of such projects, is considering to participate in Carbon Capture and Storage projects.

Gasunie believes in the potential of renewable gas to contribute to a carbon neutral energy supply in 2050 and in (bio)LNG as a cleaner fuel alternative for the transport sector – which it believes to be a market with a large potential growth."

Board member's positions

20. The list of the other positions of J.J. (Han) Fennema on page 72 of the Prospectus (section "*Description of the Issuer*") is updated as follows:
 - a. The reference date is set at 6 October 2016.
 - b. The position "*Member of the Board, the Royal Dutch Gas Association (KVGN)*" is replaced by the position "*Chairman of the Board, the Royal Dutch Gas Association (KVGN)*".
21. The list of the other positions of R. (Rinse) de Jong on page 72 of the Prospectus (section "*Description of the Issuer*") is updated as follows:
 - a. The reference date is set at 6 October 2016.
 - b. The positions "*Member of the supervisory board, USG People NV*" and "*Member of the supervisory board, Enexis Holding NV*" are deleted.
 - c. The position "*Member of the supervisory board, Hogeschool van Amsterdam*" is replaced by the position "*Vice Chairman of the supervisory board, Hogeschool van Amsterdam*".
22. The list of the other positions of M.J. (Jolanda) Poots-Bijl on page 73 of the Prospectus (section "*Description of the Issuer*") is updated as follows:
 - a. The reference date is set at 6 October 2016.
 - b. The position "*Member of the executive board and CFO, Ordina N.V.*" is replaced by the position "*Chief Financial Officer, Van Oord N.V.*"
23. The description of W.J.A.H. (Willem) Schoeber on page 73 of the Prospectus (section "*Description of the Issuer*") is updated as follows:
 - a. The words "*First term ends in 2016*" are replaced by the words "*Second term ends in 2020*".
 - b. The reference date is set at 6 October 2016.
 - c. The position "*Interim member of the Board of Directors of Electrica SA*" is added.

24. The list of the other positions of D.J. (Dirk Jan) van den Berg on page 74 of the Prospectus (section "*Description of the Issuer*") is updated as follows:
- a. The reference date is set at 6 October 2016.
 - b. The position "*Member of the International Visitor's Program Advisory Board, Ministry of Economic Affairs*" is deleted.
 - c. The positions "*Member of the Governing Board, the European Institute for Technology for Innovation and Technology (EIT) in Budapest*" and "*Member of the Supervisory Board, FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.)*" are added.

Miscellaneous

25. The list of participations and other equity interests on page 80 of the Prospectus (section "*Description of the Issuer*") is updated as follows:
- a. The reference date in the paragraph below the heading "*6.1 Structure of the Group*" is set at 30 September 2016 instead of 1 January 2016.
 - b. The references to the companies "*Gasunie LNG BBR B.V.*", "*LBBR Management B.V.*" and "*LNG Break Bulk Rotterdam C.V.*" are deleted.
 - c. The following row is added below the heading "*Joint ventures*":

Biogas Netwerk Twente B.V.	Almelo, The Netherlands	50%
----------------------------	-------------------------	-----

26. The following paragraph is inserted as the second paragraph under the subheading "*Nitrogen installation Zuidbroek*" on page 83 of the Prospectus (section "*Description of the Issuer*" under the heading "*6.2.1 GTN – D. Major ongoing projects*"):

"In his letter to the Second Chamber dated 12 September 2016, the Minister of Economic Affairs wrote that more time is needed to make a decision on the intended expansion of the nitrogen installation near Zuidbroek. Before the Dutch Cabinet will take a final decision on the expansion, the Minister wants to assess whether, from a safety point of view, the additional commitment of quality conversion is required with the intended Groningen production level of 24 billion m³ per year. According to the Minister, the Cabinet will make a decision shortly after the summer of 2017."

27. The first two sentences (as amended by the First Supplement) of the first paragraph under the heading "*6.2.1 GTN – F. Participations of GTS*" on page 87 of the Prospectus, starting with the words "*In the future*" and ending with the words "*A. General*" above", are replaced by the following sentence:

"GTS holds all shares with voting rights (but no profit rights) in GGS. Consequently, GGS is to be considered a subsidiary of GTS from 1 January 2016."

28. The last five sentences of the third paragraph under the subheading "*Gate terminal B.V.*" on page 94 of the Prospectus (section "*Description of the Issuer*" under the heading "*6.2.3 Participations & Business Development – C. Participations*"), starting with the words "*Break bulk services*" and ending with the words "*place in 2016*", are deleted and the following two paragraphs are inserted:

"On 3 July 2014, it was announced that Gate Terminal B.V. will be building new facilities for distribution of LNG. This trans-shipment installation facilitates the small-scale LNG distribution to different kinds of maritime vessels, ferries, trucks and industrial applications. The new harbour basin and the installation for the LNG break-bulk facility has been completed and started operation in September 2016. The position of Gate terminal as European LNG hub will be strengthened by the break-bulk facility.

The existing truck-loading functionality of Gate terminal is being used to such an extent that the decision has been taken to expand its capacity."

29. The following sentence is inserted as the final sentence of the paragraph under the subheading "*Gasunie Peakshaver B.V.*" on page 95 of the Prospectus (section "*Description of the Issuer*" under the heading "*6.2.3 Participations & Business Development – C. Participations*"):

"Gasunie intends to transfer the Peakshaver installation to the GTN business unit as per 1 January 2017."