

**REPLY MEMORANDUM
OF THE BOARD OF DIRECTORS OF DISTRIGAS NV/DISTRIGAZ SA**

Unconditional mandatory mixed takeover bid by

ENI GAS & POWER BELGIUM SA

**for all of the shares of Distrigas NV/Distrigaz SA not yet owned by
Eni Gas & Power Belgium SA**



7 January 2009

1. GENERAL

1.1. Context

On 30 October 2008, Eni Gas & Power Belgium SA, a company incorporated under Belgian law and having its registered office at Boulevard du Régent 43/44, 1000 Brussels, Belgium and with enterprise number (RLE Brussels) 0806.898.557 (“**Eni Belgium**”), acquired 57.24% of the voting shares of Distrigas NV/Distrigaz SA, a company incorporated under Belgian law and having its registered office at Rue de l’Industrie 10, 1000 Brussels (enterprise number (RLE Brussels) 0476.201.605) (“**Distrigas**”).

Pursuant to Article 5 of the Law of 1 April 2007 on public takeovers (the “**Takeover Law**”), if a party acquires more than 30% of the securities conferring voting rights of a Belgian listed company, it must launch a mandatory takeover bid for the entirety of the securities conferring voting rights or that grant access to voting rights of such company. Eni Belgium acquired 57.24% of the voting shares of Distrigas (the “**Majority Stake**”) on 30 October 2008 and, consequently, it is obliged to make an unconditional takeover bid for all shares issued by Distrigas not yet owned by Eni Belgium (the “**Takeover Bid**”).

In accordance with Article 7 of the Royal Decree of 27 April 2007 on public takeovers (the “**Takeover Decree**”), the Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances / Commissie voor het Bank-, Financier- en Assurantiewezen*) (the “**CBFA**”), has made public the notification that it received from Eni Belgium on 3 November 2008, announcing that Eni Belgium will launch, in accordance with Article 50 of the Takeover Decree, a mandatory unconditional takeover bid for all shares issued by Distrigas not yet owned by Eni Belgium.

1.2. Preparation of the Reply Memorandum

On 3 November 2008, Eni Belgium submitted to the CBFA a draft prospectus, of which a copy was submitted by the CBFA to Distrigas on 6 November 2008 for review in accordance with Article 26 §1 of the Takeover Decree.

Shortly after the CBFA submitted the draft prospectus to Distrigas, the Board of Directors of Distrigas (the “**Board**”) reviewed the draft prospectus. The Board unanimously decided that it did not have any comments on the draft prospectus, that no information was missing in the draft prospectus and that the draft prospectus did not contain any information which could be misleading for the shareholders of Distrigas. The Board informed the CBFA accordingly by letter dated 13 November 2008, in accordance with Article 26 §2 of the Takeover Decree.

On 11 December 2008, a copy of the draft prospectus was submitted to the Works Council of Distrigas (the “**Works Council**”). After reviewing the draft prospectus, the Works Council determined on 18 December 2008 its position on the Takeover Bid and its consequences with respect to the employment within Distrigas.

On 30 December 2008, the CBFA approved the prospectus (the “**Prospectus**”), a copy of which was submitted by the CBFA to Distrigas on 30 December 2008. Distrigas sent a copy of the Prospectus to the members of the Board on 30 December 2008 (by email).

In accordance with Articles 22 until 30 of the Takeover Law and Article 26 until 29 *juncto* 57 of the Takeover Decree, the Board reviewed the Prospectus in order to draw up a reply memorandum (the “**Reply Memorandum**”) in which the Board, amongst other things, sets out the consequences of the Takeover Bid in light of the interests of Distrigas as a company, its shareholders, its creditors and its employees, including the consequences of the Takeover Bid for the employment. The Reply Memorandum includes the position of the Works Council on the Takeover Bid.

On 7 January, 2009, the Board deliberated on the draft Reply Memorandum and approved the draft Reply Memorandum. All members of the Board were present or represented at the Board meeting and all members of the Board approved the draft Reply Memorandum.

On 7 January 2009, the Board submitted the draft Reply Memorandum to the CBFA for approval. The CBFA approved the Reply Memorandum on 8 January 2009.

1.3. Composition of the Board

The composition of the Board at the date of this Reply Memorandum is as follows:

Director

1. Jean Vermeire^{1,6}
2. Camillo Michele Gloria^{2,6}
3. Erwin Van Bruysel^{3,5}
4. Barbara Benzoni⁶
5. Paolo Carmosino⁶
6. Luc De Bruyckere^{4,6}
7. Marco Diotti⁶
8. Jean-François Escarmelle⁶
9. Francesco Giunti⁶
10. Philip Heylen⁶
11. Luc Janssens⁶
12. Philippe Lallemand^{4,6}
13. Massimiliano Marches⁶
14. Fabio Marchetti⁶
15. Baudouin Michiels^{4,6}
16. Ludy Modderie^{4,6}
17. Patrick Moenaert⁶
18. Josly Piette⁶
19. Philippe Pivin⁶
20. Giulo Ruffo⁶
21. Cristian Signoretto⁶

- (1) Chairman
- (2) Vice-Chairman
- (3) Managing director
- (4) Independent director
- (5) Executive director
- (6) Non-executive director

1.4. Definitions

Unless otherwise defined in this Reply Memorandum, words and expressions used in this Reply Memorandum that are capitalised, have the same meaning as those mentioned in Exhibit 1 to the Prospectus.

2. DESCRIPTION OF THE TAKEOVER BID

The Takeover Bid is made pursuant to Chapter III of the Takeover Decree as a result of the completion of Eni Belgium's acquisition of the Majority Stake on 30 October 2008, as described above.

2.1. Terms and conditions of the Takeover Bid

2.1.1 The Shares

On the date of this Reply Memorandum Distrigas had issued 702,636 Shares, subdivided into class A, B, C and D Shares, and one Golden Share held by the Belgian State. Eni Belgium currently holds 402,207 Shares, representing 57.24% of the total share capital of Distrigas. 219,601 Shares, representing 31.25% of the total share capital of Distrigas, are currently held by Publigaz SCRL / Publigas CVBA ("**Publigas**"). The remaining 80,827 Shares are currently held by the public.

The Takeover Bid relates to the 300,429 Shares not yet owned by Eni Belgium, which represent 42.76% of the total share capital of Distrigas at the date of this Reply Memorandum.

2.1.2 The Consideration

Pursuant to the Takeover Bid, the Shareholders are entitled to sell their Shares to Eni Belgium for a consideration for each Share consisting of:

- (i) 6,809.64 Euro in cash; and
- (ii) one Certificate. The Certificates will (subject to their terms and conditions, as described in Exhibit 2 to the Prospectus) entitle the Sellers to whom they are issued to participate in any Distrigas & Co Price Increase that is received by Distrigas and Transfin SA within 5 years of the closing of the Distrigas & Co Sale Agreement (i.e. by 1 July 2013).

A further analysis of the cash component of the Consideration is set out in the Summary of the Prospectus and in Section 3.4 (*Consideration of the Takeover Bid*), Section 4.1 (*The Consideration*) and Section 4.2 (*Justification of the cash component of the Consideration*) of the Prospectus. A more detailed analysis of the Certificates is set out in Section 4.3 (*Justification of the Certificates*) of the Prospectus. The terms and conditions of the Certificates are set out in Exhibit 2 to the Prospectus.

2.1.3 Conditions of the Takeover Bid

As the Takeover Bid is a mandatory takeover bid, it is therefore unconditional.

2.2. Squeeze-out

If, as a result of the Takeover Bid (or of any reopened Takeover Bid described in Section 3.8 of the Prospectus), Eni Belgium holds, together with Publigas with which it acts in concert for these purposes, at least 95% of the Shares, then Eni Belgium reserves the possibility to proceed with a follow-on squeeze-out on all of the Shares (except for the Golden Share) that Eni Belgium (and Publigas) does not hold at that time, in accordance with Articles 42, 43 and 57 of the Takeover Decree.

3. COMMENTS ON THE PROSPECTUS

A draft Prospectus was communicated by the CBFA to Distrigas on 6 November 2008 in accordance with Article 26 §1 of the Takeover Decree and on 13 November 2008 the Board unanimously decided that it did not have any comments on the draft Prospectus.

After review of the Prospectus (which was approved by the CBFA on 30 December 2008), and in accordance with Article 24 §1, 1° of the Takeover Law, the Board declares that it has no comments on the text of the Prospectus.

4. APPLICATION OF PRE-EMPTION RIGHTS IN DISTRIGAS' ARTICLES OF ASSOCIATION

Pursuant to the articles of association of Distrigas, Eni Belgium has a pre-emption right in case of a transfer of class B Shares held by Publigas. As Eni Belgium is the bidder in this case, its pre-emption right will not affect the possible transfer of these Shares by Publigas pursuant to the Takeover Bid.

The articles of association of Distrigas provide that the transfer of Shares between shareholders of the same class is free and that the transfer of class D Shares is free (and therefore not subject to any pre-emption rights provided in the articles of association).

In accordance with Article 1 of the Royal Decree of 16 June 1994 relating to the introduction for the benefit of the State of a special share in Distrigas (*Koninklijk Besluit van 16 juni 1994 tot invoering ten voordele van de Staat van een bijzonder aandeel in Distrigas / Arrêté Royal du 16 juin 1994 instituant au profit de l'Etat une action spécifique de Distrigaz*), the Golden Share may not be transferred to another party without prior legislative authorisation.

5. CONSEQUENCES OF THE TAKEOVER BID

The Board hereby sets out the consequences of the completion of the Takeover Bid in light of the entirety of the interests of Distrigas, of the Shareholders, of the creditors and of the employees of Distrigas, including the employment within Distrigas, with a view to, as much as possible, explaining and summarising the essential consequences of the Takeover Bid. Such explanation and summary is by nature incomplete. Therefore, the reader of this Reply Memorandum is requested to consult, together with this Reply Memorandum, the whole Prospectus. Distrigas has only verified the factual information

in the Prospectus, as far as this information directly relates to Distrigas and is objectively verifiable on the basis of publicly available information.

5.1. Assessment in light of the interests of Distrigas

The Board takes note of the assessment of Eni Belgium that the acquisition of the Majority Stake and the Takeover Bid will be beneficial to Distrigas as a company, as set out in Sections 2.1 and 2.2.1.1 of the Prospectus, for the following reasons:

- Distrigas will become part of the Eni Group, a leading gas player in Europe, with significant expertise in the various market segments and in several countries, and with a diversified gas supply portfolio.
- Being part of the Eni Group should allow Distrigas to preserve its position as a leading Belgian gas company, whilst further expanding its commercial activities in the Benelux. Moreover, the security of supply of Distrigas would be strengthened also through the support of the Eni Group's supply portfolio (one of the largest and most diversified in Europe).
- Eni and Distrigas plan to closely cooperate to ensure the optimal sourcing of gas, including cooperation with Eni's upstream activities for potential new gas projects. Their combined knowledge of the relevant markets and players should allow for Distrigas and Eni to secure the best opportunities in order to enlarge and diversify their global gas portfolios.
- Distrigas will also benefit from the use of the Eni Group's shared services, including IT services, administration, treasury, insurance and finance services as well as hedging and operations on commodities.

If the above-mentioned objectives are implemented, and in particular if the intended geographical focus of Distrigas is beneficial to the company's activities, the Board believes that the Takeover Bid will be beneficial to Distrigas as a company.

5.2. Assessment in light of the interests of the Shareholders

The Shares are currently held as follows:

Entity	Number of Shares per class	Total	Total %
Belgian State	• 1 Golden Share	1	0.0001
Eni Belgium	• 292,472 A Shares • 73,164 C Shares • 36,571 D Shares	402,207	57.24
Publigas	• 58,847 A Shares • 116,812 B Shares • 43,942 C Shares	219,601	31.25
Public	• 80,827 D Shares	80,827	11.50

The Belgian State holds one Golden Share.

The 351,319 class A Shares are numbered from 2 to 351,320, of which Eni Belgium holds those numbered from 2 to 292,473 and Publigas holds those numbered from 292,474 to 351,320.

The 116,812 class B Shares are numbered from 351,321 to 468,132, and are all held by Publigas.

The 117,106 class C Shares are numbered from 468,133 to 585,238, of which Eni Belgium holds those numbered from 468,133 to 526,574 and from 570,517 to 585,238 and Publigas holds those numbered from 526,575 to 570,516.

The 117,398 class D Shares are numbered from 585,239 to 702,636, of which Eni Belgium holds those numbered from 585,239 to 621,809. The remaining class D Shares are held by the public.

The Board takes note of the consideration offered by Eni Belgium (the “**Consideration**”) to the Shareholders pursuant to the Takeover Bid. For each Share, Eni Belgium offers:

- (i) 6,809.64 Euro in cash; and
- (ii) one Certificate, as described in section 2.1.2 above.

The Board also takes note of the justification of the Consideration as set out in Section 4 of the Prospectus, including the valuation methodologies set out therein to assess the cash component of the Consideration. The cash component represents a premium of 8.3% based on the closing price of the Shares on Euronext on 23 May 2008 (being the last business day before the stock was suspended from trading following the Suez press release announcing that it had granted exclusivity to Eni for the sale of Suez-Tractebel’s stake in Distrigas) and a premium of 10.9% based on the one month average closing price of the Shares on Euronext up to and including 23 May 2008.

Taking into account the foregoing, the Board believes that, based on the customary valuation methodologies utilised by Eni Belgium in the Prospectus, the Takeover Bid provides for the Shareholders a fair representation of the value of their investment in Distrigas.

5.3. Assessment in light of the interests of the creditors

The Board notes that being part of the Eni Group should allow Distrigas to preserve its position as a leading Belgian gas company, whilst further expanding its commercial activities in the Benelux, as set out in Section 2.1 of the Prospectus. The Board also notes that Distrigas’ ordinary course capital expenditures in the coming years are expected to be limited but that Distrigas may pursue a business development strategy through strategic investments aimed at strengthening the company’s competitiveness by using Distrigas’ available cash as well as through a potential increase in the leverage of Distrigas.

The Board further notes that Eni and Eni Belgium signed a one year syndicated committed credit line with Mediobanca, BBVA, Bank of Tokyo-Mitsubishi and Intesa Sanpaolo (acting as mandated lead arrangers) to (partially) fund the acquisition of the Majority Stake and the acquisition of the class D Shares not already owned by Eni Belgium that may be tendered pursuant to the Takeover Bid, as set out in Section 7.6.1 of the Prospectus. No security is granted by Distrigas to the banks for this credit line.

Taking into account the foregoing, the Board believes that the Takeover Bid should not adversely affect the position of the current creditors of Distrigas.

5.4. Assessment in light of the interests of the employees and the employment

The Board takes note of the assessment of Eni Belgium that the acquisition of the Majority Stake and the Takeover Bid will be beneficial to Distrigas' management and employees, as set out in Section 2.2.1.2 of the Prospectus.

The Board also takes note of the positive position of the Works Council of Distrigas on the Takeover Bid as set out in section 8 of this Reply Memorandum. The Works Council concluded that the Takeover Bid opens new perspectives for Distrigas and its employees and rendered a unanimous positive advice on the Takeover Bid.

The Board therefore believes that the Takeover Bid contributes to the interests of the employees of Distrigas and the employment within Distrigas.

6. VISION OF THE BOARD ON ENI BELGIUM'S STRATEGIC PLANS FOR DISTRIGAS AND THE PROBABLE CONSEQUENCES THEREOF ON DISTRIGAS' RESULTS, ON THE EMPLOYMENT AND ON THE ESTABLISHMENTS OF DISTRIGAS

The Board takes note of Eni Belgium's strategic objectives and intentions as set out in Sections 2.1 and 2.2 of the Prospectus. These strategic objectives can be summarised as follows:

- (i) preserve Distrigas' position as a leading Belgian gas company, whilst further expanding its commercial activities in the Benelux;
- (ii) strengthen the security of supply of Distrigas through the support of the Eni Group's supply portfolio;
- (iii) foster cooperation between Distrigas and Eni to ensure the optimal sourcing of gas; and
- (iv) generate synergies in order to enhance the future competitiveness and development of Distrigas and Eni, in particular the combination of Distrigas' and Eni's expertise in arbitrage activity, the integration of Distrigas' and Eni's gas supply and logistics portfolios, and the rationalisation of the marketing activities of the companies so that Distrigas mostly focuses its marketing activities on the Benelux area.

The Board also takes note of the indicative targets set out in the Prospectus in respect of gas sales volumes, turnover and EBIT of Distrigas over the next 4 years.

The Board further notes that Eni intends to maintain Distrigas' management and personnel levels (and possibly expand them in the future in order to support new business opportunities) and to maintain Distrigas' headquarters in Belgium.

Taking into account the foregoing and taking into account section 5.1 above, the Board believes that the strategic objectives underlying the Takeover Bid will have positive consequences for Distrigas and its results, for the employment within Distrigas and for the establishments of Distrigas.

7. SHARES HELD BY THE MEMBERS OF THE BOARD

7.1. Number of Shares with voting rights or which grant access to voting rights held by the members of the Board or by the persons who they represent in fact

On the date of this Reply Memorandum, the members of the Board do not hold any Shares.

Mrs. Barbara Benzoni and Messrs. Paolo Carmosino, Marco Diotti, Francesco Giunti, Camillo Michele Gloria, Massimiliano Marches, Fabio Marchetti, Giulio Ruffo della Scaletta, Cristian Signoretto, Erwin Van Bruysel and Jean Vermeire represent Eni Belgium in the Board. Eni Belgium holds 402,207 Shares.

Messrs. Jean-François Escarmelle, Philip Heylen, Luc Janssens, Patrick Moenaert, Josly Piette and Philippe Pivin represent Publigas in the Board. Publigas holds 219,601 Shares.

No other members of the Board or persons who they represent in fact hold any Shares.

7.2. Transfer of Shares by the members of the Board or by the persons who they represent in fact

As the members of the Board do not hold any Shares, no Shares will be transferred by the members of the Board in the context of the Takeover Bid.

Messrs. Jean-François Escarmelle, Philip Heylen, Luc Janssens, Patrick Moenaert, Josly Piette and Philippe Pivin declare that Publigas has indicated to them that it intends to tender at least 43,941 of its Shares to Eni Belgium in the context of the Takeover Bid (bringing the participation of Publigas in the share capital of Distrigas to 25% plus one Share). Publigas does not exclude to tender additional Shares, if not all of its Shares, in the context of the Takeover Bid. To the extent that Publigas tenders more than 43,941 of its Shares, a communication will be made and a completion of the Reply Memorandum will be drafted and published in accordance with Article 28 of the Takeover Decree.

8. POSITION OF DISTRIGAS' EMPLOYEES ON THE TAKEOVER BID

In accordance with Article 42 and following of the Takeover Law, the Works Council has been informed of the Takeover Bid and its main terms at the occasion of the announcement of the Takeover Bid.

A draft version of the Prospectus has been communicated to the Works Council and the Works Council has been informed of its right to hear representatives of the management body of Eni Belgium within 10 days as from the start of the Acceptance Period, unless the members of the Works Council unanimously waive this right.

At the extraordinary meeting of the Works Council on 18 December 2008, the members of the Works Council unanimously took the following position with respect to the Takeover Bid:

Préambule

Une copie du projet de Prospectus a été soumise au Conseil d'Entreprise en date du 11 décembre 2008.

Le Conseil d'Entreprise a pris note des intentions de Eni Belgium, telles qu'elles sont décrites dans le Prospectus et telles qu'elles ont été clarifiées à l'occasion de la présentation faite par les représentants du Groupe Eni en date du 4 novembre 2008, et plus particulièrement :

- le volet relatif au développement du personnel de Distrigas;*
- le fait que Distrigas devienne le représentant unique du Groupe Eni dans la zone Benelux pour la vente de gaz naturel.*

Concernant les positionnements respectifs du Groupe Eni et de Distrigas suite à l'Offre d'acquisition :

Le Conseil d'Entreprise note plus particulièrement :

- que suite à l'Offre d'acquisition, le Groupe Eni verra sa position de leader dans l'industrie européenne du gaz renforcée et Distrigas deviendra ainsi membre d'un acteur européen de pointe dans le domaine du gaz, muni d'un portefeuille diversifié dans le domaine des approvisionnements en gaz et doté d'une expertise significative dans les divers secteurs du marché et dans plusieurs pays;*
- que le Groupe Eni ne poursuit actuellement aucune activité dans le secteur du gaz et de l'électricité en Belgique et que dans ce cadre, le Groupe Eni entend préserver Distrigas en tant que société gazière belge de pointe tout en permettant une extension future de ses activités et une augmentation de sa présence dans la zone Benelux.*

Concernant le personnel de Distrigas :

Le Conseil d'entreprise part du principe que le Groupe Eni respectera la législation et le droit du travail en vigueur en Belgique avec les spécificités locales propres à Distrigas.

Dans ce cadre, les employés considèrent donc que le Groupe Eni s'engage notamment à respecter tant les droits visés par la Commission paritaire 326 (et entre autres l'accord paritaire du 11 avril 1962) que les avantages et droits accordés aujourd'hui par Distrigas en plus de la Commission paritaire 326.

Le Conseil d'Entreprise note que le Groupe Eni reconnaît les compétences et l'expérience de l'ensemble du personnel de Distrigas. L'ensemble du personnel de Distrigas est par conséquent considéré comme étant précieux pour le Groupe Eni afin de développer la croissance du Groupe Eni mais également celle de Distrigas dans un cadre international plus large.

A cet effet, le Conseil d'Entreprise prend note du fait que le Groupe Eni a l'intention de construire l'avenir en se basant sur l'ensemble des employés de Distrigas, en leur permettant d'augmenter leur expérience professionnelle et leur connaissance au travers notamment d'un accès aux programmes de formation dispensés par les unités corporate du Groupe Eni.

Dans cette optique, le Conseil d'Entreprise entend donner la priorité au suivi attentif du respect des engagements du Groupe Eni dans les semaines et mois à venir tant en matière de préservation de l'emploi qu'en matière de développement des compétences de l'ensemble des employés de Distrigas.

Conclusions – Position du Conseil d'Entreprise :

Au vu de ce qui précède, le Conseil d'Entreprise :

- *prend bonne note que l'Offre d'acquisition semble poser les fondements pour la création d'un acteur de premier plan dans le secteur gazier en Europe, leader dans son domaine, et ouvre de nouvelles perspectives à Distrigas et à tous ses employés;*
- *rend dès lors à l'unanimité un avis positif en ce qui concerne l'Offre d'acquisition.*

9. FINAL PROVISIONS

9.1. Responsible persons

Distrigas NV/Distrigaz SA, a public limited liability company with registered office at Rue de l'Industrie 10, 1000 Brussel and registered with the Register of Legal Entities (Brussels) under number 0476.201.605, represented by its Board of Directors, declares that, to its knowledge, the information in this Reply Memorandum corresponds to reality and no information has been omitted which would alter the scope of this Reply Memorandum if it were mentioned herein. Distrigas does not take any other responsibility with respect to this Reply Memorandum. The individual Board members do not take any responsibility with respect to this Reply Memorandum

9.2. Approval of the Reply Memorandum by the CBFA

This Reply Memorandum was approved by the CBFA on 8 January 2009 in accordance with Article 28 §3 of the Takeover Law.

This approval implies no assessment by the CBFA of the opportunity, nor of the quality of the Takeover Bid.

9.3. Availability of the Prospectus and the Reply Memorandum

The Prospectus is available in Dutch, French and English. In Belgium, the Prospectus will be made available at no cost by simple request to Fortis Bank NV/SA at 0800 90 301 (toll-free number) or at the registered office of Distrigas at Rue de l'industrie 10, 1000 Bruxelles. The Prospectus is also available on the internet on the Fortis Bank NV/SA website (www.fortisbanking.be/saveandinvest) and on the Distrigas website (ww.distrigas.be).

This Reply Memorandum will be published in accordance with Article 23 and Article 12 of the Takeover Law.

This Reply Memorandum is available in Dutch, French and English. In Belgium, this Reply Memorandum will be made available at no cost by simple request to Fortis Bank NV/SA at 0800 90 301 (toll-free number) or at the registered office of Distrigas at Rue de l'industrie 10, 1000 Bruxelles.

This Reply Memorandum is also available on the internet on the Fortis Bank NV/SA website (www.fortisbanking.be/saveandinvest) and on the Distrigas website (ww.distrigas.be).

Holders of Shares can order, free of charge, a copy of this Reply Memorandum at the registered office of Distrigas, or by request to Distrigas (telephone number 0032 2 557 30 37 or info@distri.be).