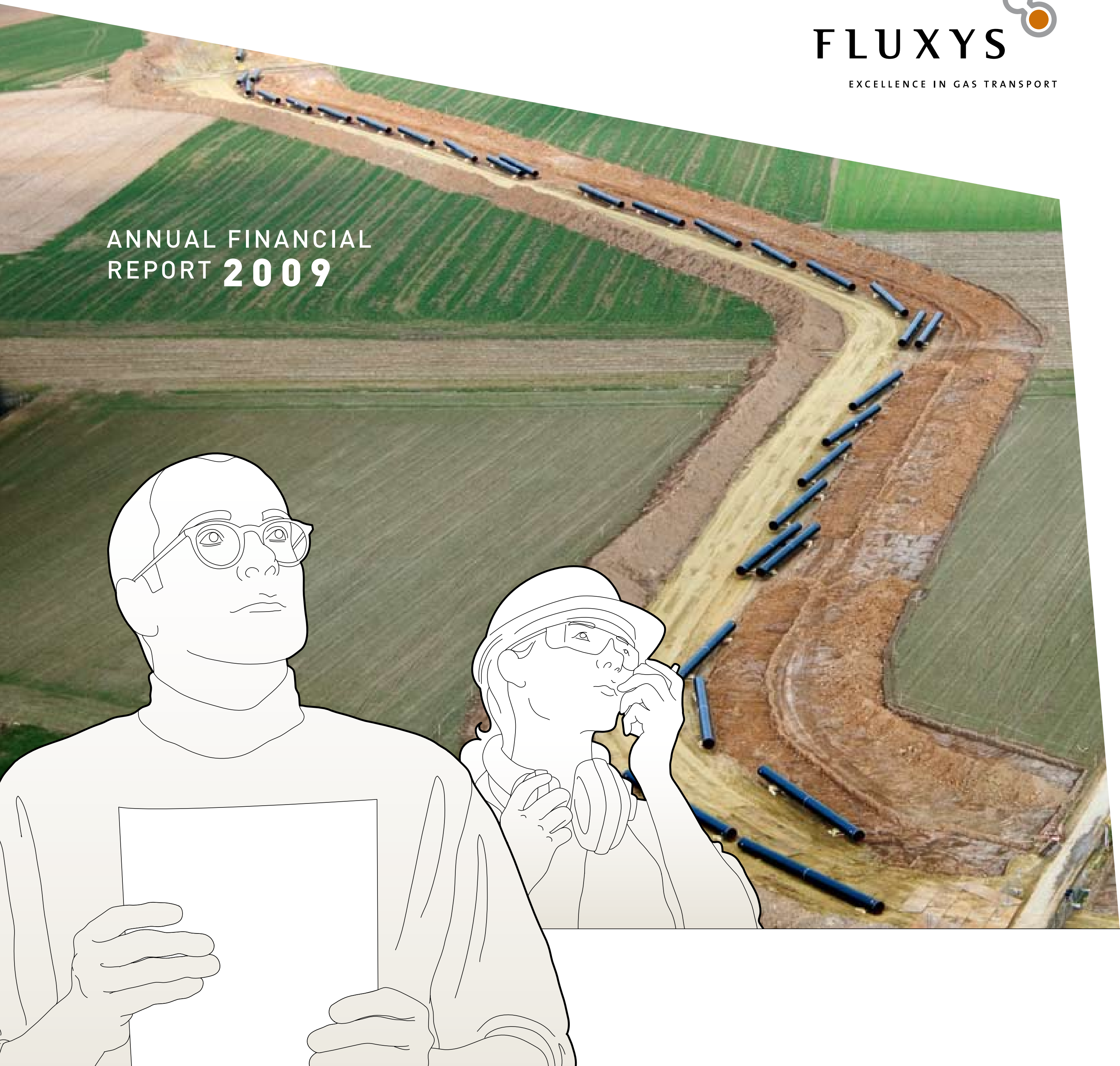
FLUXYS

EXCELLENCE IN GAS TRANSPORT

ANNUAL FINANCIAL REPORT 2009



SHAREHOLDER'S GUIDE

Fluxys shares

Fluxys shares are listed on the Second Market of NYSE Euronext Brussels.

Shareholders' agenda

11 May 2010 – Annual General Meeting

20 May 2010 – Payment of dividends

30 August 2010 – Press release by the Board of Directors on the half-yearly results in accordance with IFRS

In addition, interim statements will be published in May and November 2010.

Payment of dividends

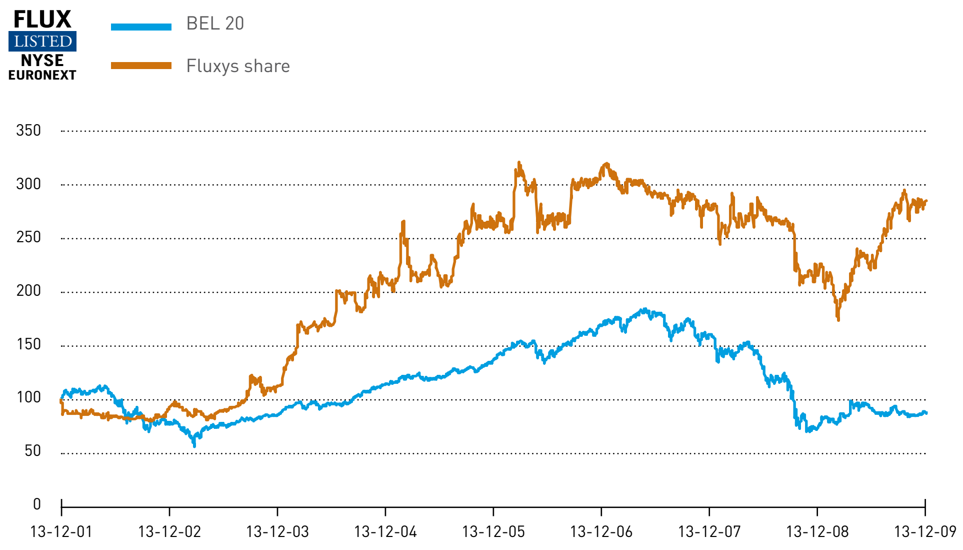
The gross dividend per share for the financial year 2009 is €70.00, as in 2008. This equates to a net dividend of €52.50 for 2009 as in the previous year.

This dividend will be paid on presentation of coupon no. 10 at Dexia Bank Belgium.

Notes on Fluxys shares

The Fluxys share price closed at €1,901.05 on 31 December 2008. The lowest closing rate in 2009 was €1,950 on 5 January 2009 and the highest was €2,525 on 17 April 2009. At the end of 2009, the share price was €2,279.98. 2009 also saw a decline in the average daily volume of shares traded on the Second Market of NYSE Euronext Brussels from 70 shares in 2008 to 43 in 2009.

Evolution of Fluxys share – BEL 20 (share price 13-12-2001* = base 100 %) (in %)



Fluxys share (in euros)

		2009	2008**	2007	2006	2005
Price	Maximum	2,525	2,580	2,831	2,840	2,500
	Minimum	1,950	1,826	2,300	2,260	1,770
	Closing rate at 31 December	2,280	1,901	2,440	2,752,5	2,310
	Average	2,240	2,272	2,594	2,511	2,079
Cash flow per share		407.04	330.88	173.69	171.30	163.09
Net profit per share		146.94	165.16	109.70	110.84	104.44

Price/profit ratio at 31 December	16	12	22	25	22
Number of shares	702,636	702,636	702,636	702,636	702,636
Average daily volume traded	43	70	47	79	108

* On 1 December 2001, the company split off its natural gas wholesale activities. This demerger involved a separation of accounts effective as of July 2001. The new Fluxys share following the split has been listed on NYSE Euronext Brussels since 13 December 2001.

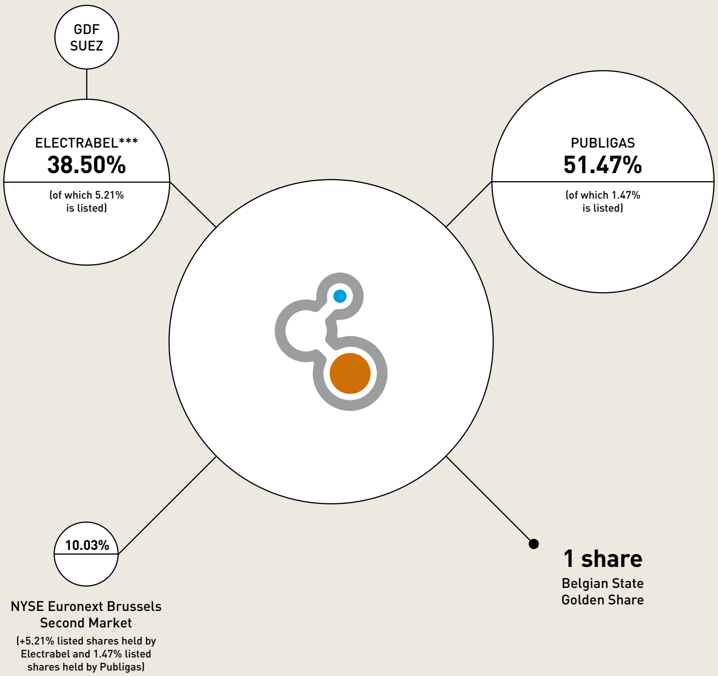
** These are the restated figures of 2008 (see Note 3).

Gross/net dividend per share					(in euros)
	2009	2008**	2007	2006	2005
Gross dividend per share	70.00	70.00	108.00	58.00	53.80
Net dividend per share	52.50	52.50	81.00	43.50	40.35

Consolidated net profit, Fluxys SA share					(in million euros)
	2009	2008**	2007	2006	2005
Consolidated net profit, Fluxys SA share	103	116	77	78	73

Consolidated equity, Fluxys SA share					(in million euros)
	2009	2008**	2007	2006	2005
Consolidated equity, Fluxys SA share	1,369	1,311	1,217	1,211	1,162

THE FLUXYS SHAREHOLDER STRUCTURE ON 31 DECEMBER 2009 :



** These are the restated figures of 2008 (see Note 3).

*** On 15 January 2010, Electrabel informed Fluxys that it had begun proceedings to auction off, either in whole or in part, its stake in Fluxys. On Tuesday 23 March, GDF SUEZ and Publigas reached an agreement on the transfer of the participation Electrabel holds in Fluxys. Further information can be found in the section Changes in the structure of Fluxys capital afterclosing on year end on p. 60.

81ST FINANCIAL YEAR

REPORTS TO THE ANNUAL GENERAL MEETING OF 11 MAY 2010

FLUXYS

EXCELLENCE IN GAS TRANSPORT

SUMMARY

R84
R85

FOREWORD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

In 2009, Fluxys sharpened its vision and its strategy. Continued development of our role as a crossroads for gas flows in North-Western Europe remains the top priority in the context of our mission, as a provider of a public utility service, to enhance security of supply and the smooth operation of the market. In this regard, the Board of Directors offers the Executive Board its full support in implementing the robust programme of investments in new infrastructure in Belgium and the projects aiming at Fluxys' international development on the North-Western European natural gas market.

MOVING TOWARDS A NEW SHAREHOLDING STRUCTURE

Publigas became the majority shareholder in Fluxys when it purchased part of the shares held in the company by GDF SUEZ. Subsequently, on 23 March 2010, the two shareholders came to an agreement whereby GDF SUEZ is to sell its entire stake in Fluxys to Publigas. In consultation with the Board of Directors and the Executive Board, Publigas will now seek new partners who, alongside Publigas as the majority shareholder, will fully support the vision and strategy set out by the company. Under its agreement with GDF SUEZ, Publigas also agreed that Fluxys would buy GDF SUEZ's stake in Fluxys LNG and the 5% stake held by Electrabel in Interconnector UK, with a view to consolidating Fluxys' strategy.

KEY ROLE ON THE NORTH-WESTERN EUROPEAN NATURAL GAS MARKET IN THE PROCESS OF INTEGRATION

The single European natural gas market takes shape through the intermediate stage of regional markets which are expected to eventually merge into one another. The Belgian natural gas market is currently in a process of integration with the markets of the United Kingdom, the Netherlands, Germany, Luxembourg and France into a North-Western European entity. As a result, in 2009 Fluxys sharpened its vision to express its desire to play a key role in this process of integration. We wish to continue making the Fluxys grid more attractive so as to ensure that the North-Western European gas market can provide suppliers with sufficient capacity and harmonized services. Accordingly, suppliers will be able to flexibly move natural gas to their customers from any border point and through the various market zones. For Fluxys, this broadening of scope is crucial to fully realizing its mission of serving the public interest by contributing to enhancing security of supply and the smooth operation of the market.

DUAL STRATEGY: BELGIUM AND ABROAD

Since the emergence of natural gas, the company has based its strategy on the geographical position of its grid between sources and major end-user markets, with a view to building infrastructure in Belgium that can also transport cross-border natural gas flows to other countries and enhance security of supply as a result of this crossroads functionality. This strategy remains unchanged, and the Board of Directors has given the Executive Board the go-ahead for an indicative 10 year investment programme worth the substantial sum of €2.8 billion. The company can finance this programme thanks to the 2009 Fluxys/CREG agreement providing for a fair return on invested capital.

For Fluxys to strengthen its role as a crossroads for natural gas flows, the company also needs to develop abroad and step up its cooperation with other transmission system operators on the North-Western European market: the most effective way to attract new cross-border natural gas flows to the Fluxys grid is to make joint investments in new projects or buy stakes in existing infrastructure or companies. With this in mind, Fluxys is in talks with various companies and in late 2009 already purchased a 10% stake in Interconnector UK from E.ON Ruhrgas. This transaction, together with the transfer to Fluxys of the 5% stake held by Electrabel in the same company, will consolidate Fluxys' position on the natural gas transmission market for east/west flows in North-Western Europe.

KEY STRENGTHS THAT WILL HELP TO MAKE FLUXYS' VISION REALITY

Fluxys has a number of major strengths that will enable it to continue to develop its role on the North-Western European natural gas market. First of all, the unique crossroads functionality of the infrastructure in the Zeebrugge area gives the company a favourable take-off position. Secondly, the company enjoys an excellent reputation for neutrality and independence in the gas sector and has a track record of successfully completing major projects within budget and on time, even in cases where the partners' interests differ. Lastly, Fluxys can rely on solid financing and on skilled staff with the commitment and dedication needed for a transmission system operator that wants to grow.

AT THE SAME TIME, POINTS FOR REFLECTION

In a detailed and well-considered ruling on the case relating to the Ghislenghien disaster, the court acquitted Fluxys in first instance, concluding that the company had not committed a criminal offence.

The disaster and the often misplaced allegations made during the proceedings tarnished the image of natural gas infrastructure. Therefore, Fluxys will have to make special efforts over the next 10 years to continue explaining the rigorousness of its safety policy to authorized representatives and residents of those municipalities where new facilities are necessary.

Another priority is permit allocation policy in Belgium. Fluxys' mission as a provider of a public utility service involves providing new capacity whenever suppliers and consumers need it. However, the many procedures that have to be followed to obtain the required permits, and in particular the time that is needed for such procedures, put a brake on the dynamism expected of Fluxys as a transmission system operator, making it essential that the authorities make strenuous efforts to make permit allocation policy more efficient.

A REVIVED NATURAL GAS DIPLOMACY

Belgian universities and industry have unique experience and expertise in the natural gas sector. For Belgium to continue developing its role as a crossroads for natural gas on the North-Western European gas market, it is essential to have at its disposal a well-developed natural gas diplomacy. As part of Belgium's diplomatic relations with its neighbours, we need to draw their attention to the country's position as a crossroads in North-Western Europe and to the need for a coordinated approach with a view to moving towards an integrated North-Western European market. The relations we maintain with gas producing countries are crucial as well. We need to stay in especially close contact with Norway, Russia, Qatar, Algeria and the Netherlands because of the importance or potential importance for Belgium of natural gas flows coming from those countries. Taking a long-term view whereby the aim is an increasing diversification of sources, we should also ensure we do not neglect other countries, the more so since good relations with gas producing countries is essential to valorising the expertise of many Belgian companies and research institutes on the international stage.

Daniel Termont
Chairman of the Board of Directors

FOREWORD BY THE CHAIRMAN OF THE EXECUTIVE BOARD

In 2009, Fluxys vigorously implemented its strategy of strengthening the company's role as a crossroads for natural gas flows in North-Western Europe. In Belgium, the company invested a total of €226 million on building new infrastructure and servicing the existing grid. At the same time, Fluxys stepped up its cooperation with other operators and acquired a 10% stake in Interconnector (UK) Ltd, the operator of the underwater pipeline between Zeebrugge and Bacton. Fluxys will continue to follow this path in the years ahead.

2009: A KEY YEAR FOR FLUXYS' SHAREHOLDING STRUCTURE AND THE NATURAL GAS MARKET

For Fluxys, 2009 was a pivotal year. Publigas became the majority shareholder in the company, and we arrived at a tariff agreement with CREG. In addition, concerns about security of supply and the third EU Directive on liberalization of the energy market clearly made their mark on the natural gas transmission sector in Europe, giving a supranational aspect to the scope of transmission companies today.

CONTINUED NEED FOR A PRUDENT INVESTMENT POLICY

The economic crisis combined with an abundant supply of natural gas led to a collapse in gas prices on the short-term markets and more prudence on the part of natural gas suppliers in contracting long-term capacities.

Today, natural gas supply forecasts, whether relating to changes in consumption or to cross-border flows, show greater divergences than in the past. For the first time, 2009 saw the gas industry pondering whether natural gas consumption would continue to rise. The economic crisis has of course left its mark, with natural gas consumption expected to return to pre-crisis levels only in 2015. And if the European Union comes firmly down on the side of cutting greenhouse gas emissions, improving energy efficiency and making greater use of renewable energy sources, climate policy could also have a major impact on natural gas demand in Europe.

One thing is certain, however: natural gas is to remain a core component of the energy mix of the future, since it is the most environmentally sound fossil fuel, with both the fuel and its mode of transmission contributing less to greenhouse gas emissions and acid rain than alternative fossil fuels. Moreover, natural gas will continue to be available for many years: based on the reserves we currently know about, natural gas can still be extracted for another 60 years.

FLUXYS DEVELOPS ITS ACTIVITIES ON THE NORTH-WESTERN EUROPEAN MARKET

Against the background of these shifts on the natural gas market, Fluxys sharpened its strategy with the support of its majority shareholder. Fluxys wants to strengthen its role as a crossroads on the North-Western European market and 2009 saw this resolve to be vigorously demonstrated. In Belgium, no less than €226 million was invested in infrastructure: more than 50 km of new pipelines were laid, work started in virtually all compressor stations to increase their capacity, and six new pressure-reducing stations were built for the purpose of distribution system operators.

Fluxys wants to take the lead in the development of an integrated regional gas market in North-Western Europe, and in this light our activities are taking on an increasingly European dimension. It is essential to consolidate the regional market so that we can offer suppliers an effective system enabling them to supply natural gas to their customers from any border point in North-Western Europe. That is why Fluxys was one of the companies at the basis of the European Network for Transmission System Operators for Gas, which gives grid operators a platform to collaborate more closely with a view to developing cross-border natural gas flows.

Working from its Belgian core market, Fluxys seeks profitable development on the North-Western European market by co-investing or taking stakes in infrastructure projects. Through this approach the company intends to make its grid more attractive so as to maintain and increase its use by natural gas suppliers in the long run.

Another key feature of our strategy is cooperation with neighbouring system operators with a view to interconnecting markets and offering standardized international transmission services to grid users. We do not rule out this eventually turning into structural cooperation so as to reach the right scale for financing future investments.

MAJOR STRENGTHS

Fluxys has a number of considerable strengths allowing the company to deal with the challenges it faces, for a start its high-performance grid and its LNG terminal. The tariff agreement with CREG is a major strength as well. After a period of uncertainty regarding tariffs, we were able to start 2010 with the introduction of new approved transmission and storage tariffs, offering grid users the prospect of long-term tariff stability and offering shareholders a fair return on the capital invested.

Another strength is our healthy financial situation. The success of the issue of Fluxys bonds is a sign of confidence in the company and in the public importance as well as in the sustainability and long-term nature of its activities. We managed to raise €350 million and will use the income generated by the transaction to finance our investment programme.

SOLID POSITION THANKS TO SKILLED AND DEDICATED STAFF

To implement its strategic vision, Fluxys can rely on skilled and motivated staff, driven by our key values: safety and environmental awareness, good neighbourly relations, professionalism and commitment, cohesion and customer focus. I would like to dwell for a moment on the importance of safety.

Safety takes centre stage in all of the company's activities, and Fluxys staff strive to continuously improve safety measures by incorporating best practices and new technologies. Considering the Fluxys safety approach, our workforce was deeply shaken by the suffering caused by the accident at Ghislenghien in 2004. More than five years on, the Tournai Correctional Court acquitted Fluxys in first instance, ruling that Fluxys had not committed any offence. The ruling makes Fluxys feel corroborated in the arguments put forward in its defence, however without detracting from the feelings of empathy felt in the company for the victims and their families and friends.

Pascal De Buck
Commercial Director

I would like, in both a personal capacity and on behalf of the Executive Board, to expressly thank the Fluxys staff for their professionalism, which made 2009 again an exceptional year. Fluxys can look to the future with equanimity and continue to carry out its mission with confidence.

SAFETY REMAINS A PRIORITY FOR FLUXYS

A safe approach during works in the vicinity of Fluxys infrastructure continues to be a major point of interest, and we rely on the efforts of all parties involved to ensure full compliance with the safety requirements. Each year, 12,000 to 15,000 building projects are carried out near Fluxys pipelines, showing that working safely is entirely feasible if safety requirements are complied with.

Walter Peeraer

Chairman of the Executive Board and CEO

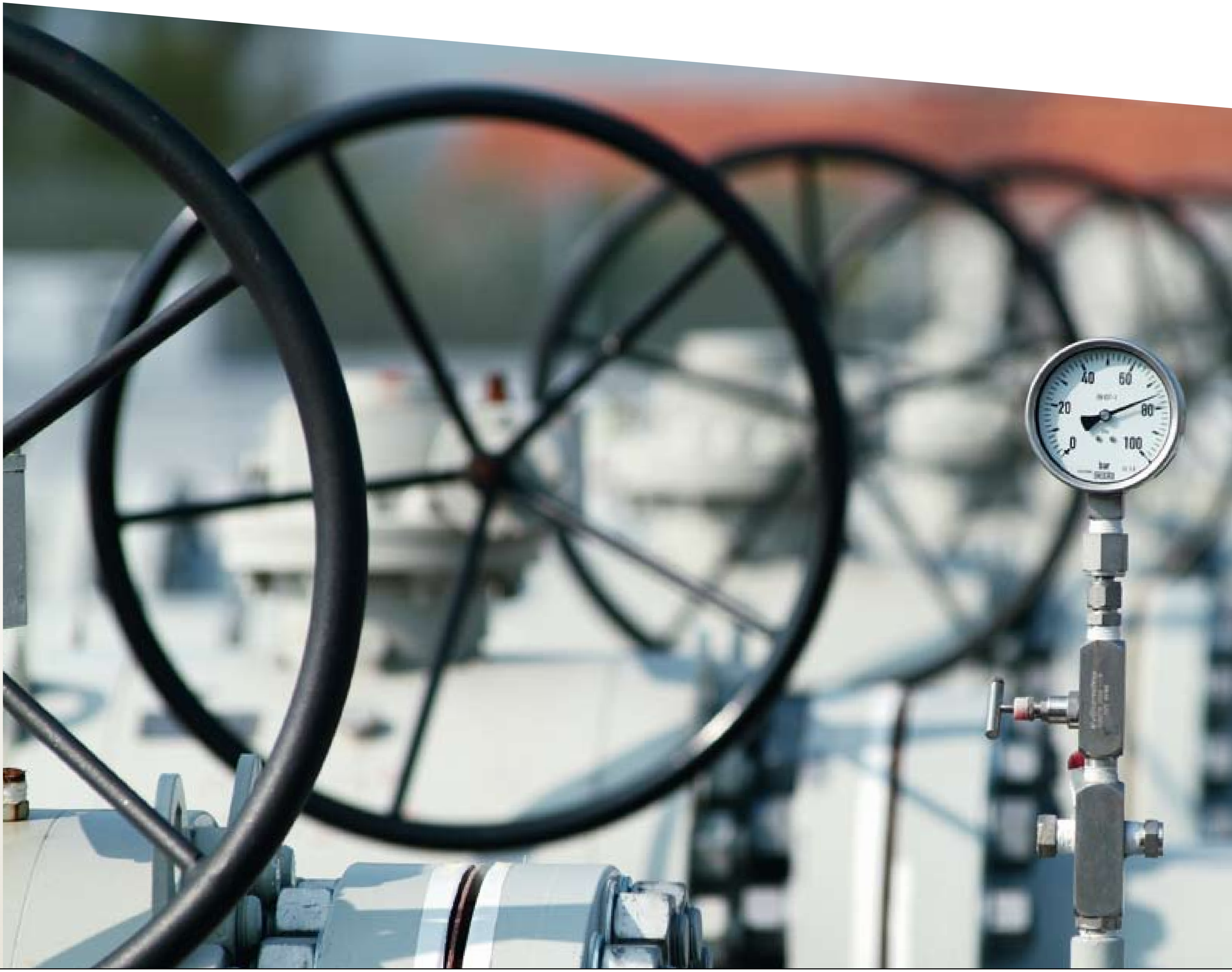
Gérard de Hemptinne Director Asset Management

Walter Peeraer Chairman of the Executive Board and CEO

Peter Verhaeghe Director Infrastructure Projects & Engineering

Paul Tummers Director Strategy and Regulatory Affairs

Michel Vermout Chief Financial Officer



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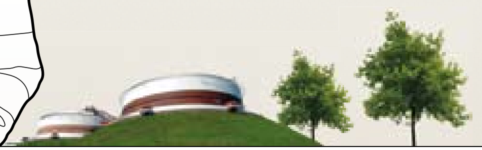
THE FLUXYS GROUP IN A NUTSHELL

OUR MISSION.

Fluxys builds and operates transmission infrastructure within the scope of the North-Western European natural gas market. Our business is a public service business. In the interest of natural gas consumers, we aim at competitive tariffs for our services and we contribute to a well functioning market and security of supply in North-Western Europe. Safety, efficiency, sustainability and profitability are at the centre of our approach.

OUR VISION.

The natural gas transmission market in North-Western Europe is evolving into a virtual cross-border unity. Fluxys wishes to play a key role in developing this integrating market into an efficient system for suppliers to move natural gas flexibly from any border point in the region to their customers.



SERVICES

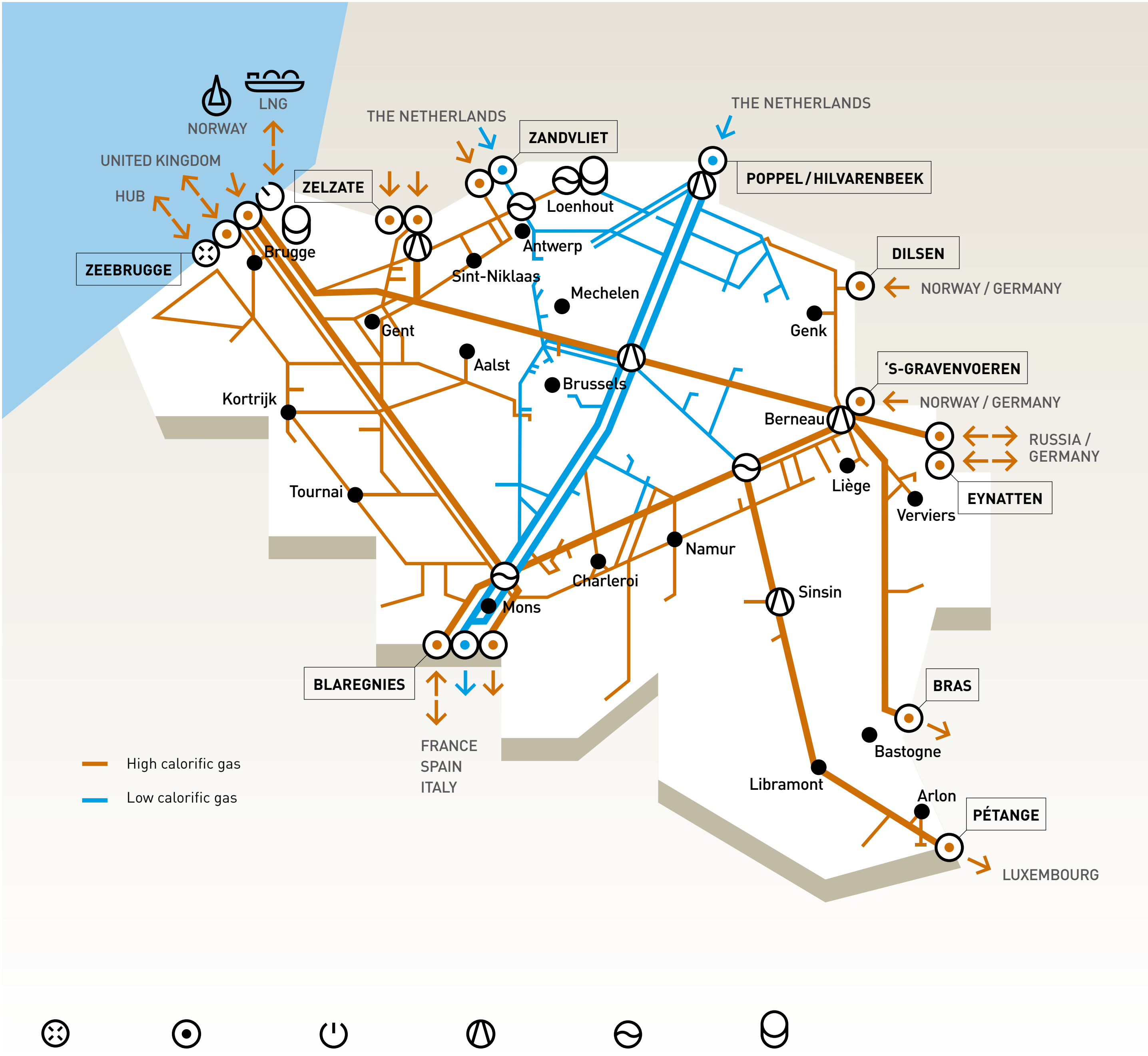
Transmission – Fluxys is responsible for the transmission of natural gas from the border to power stations, major industrial end users and distribution system operators (domestic transmission). Fluxys is also responsible for the transmission of natural gas across Belgium for other end-user markets in Europe (border-to-border transmission), in the same way as natural gas is conveyed across other countries en route to end users in Belgium.

Storage – Fluxys stores natural gas so that suppliers have a buffer they can use to meet their heating customers' needs when demand peaks during cold periods.

LNG terminalling – The Zeebrugge terminal facilities provide for loading and unloading ships carrying liquefied natural gas (LNG). LNG is stored there temporarily as a buffer in storage tanks and can be regasified and injected into the grid for transmission or loaded back onto LNG ships.

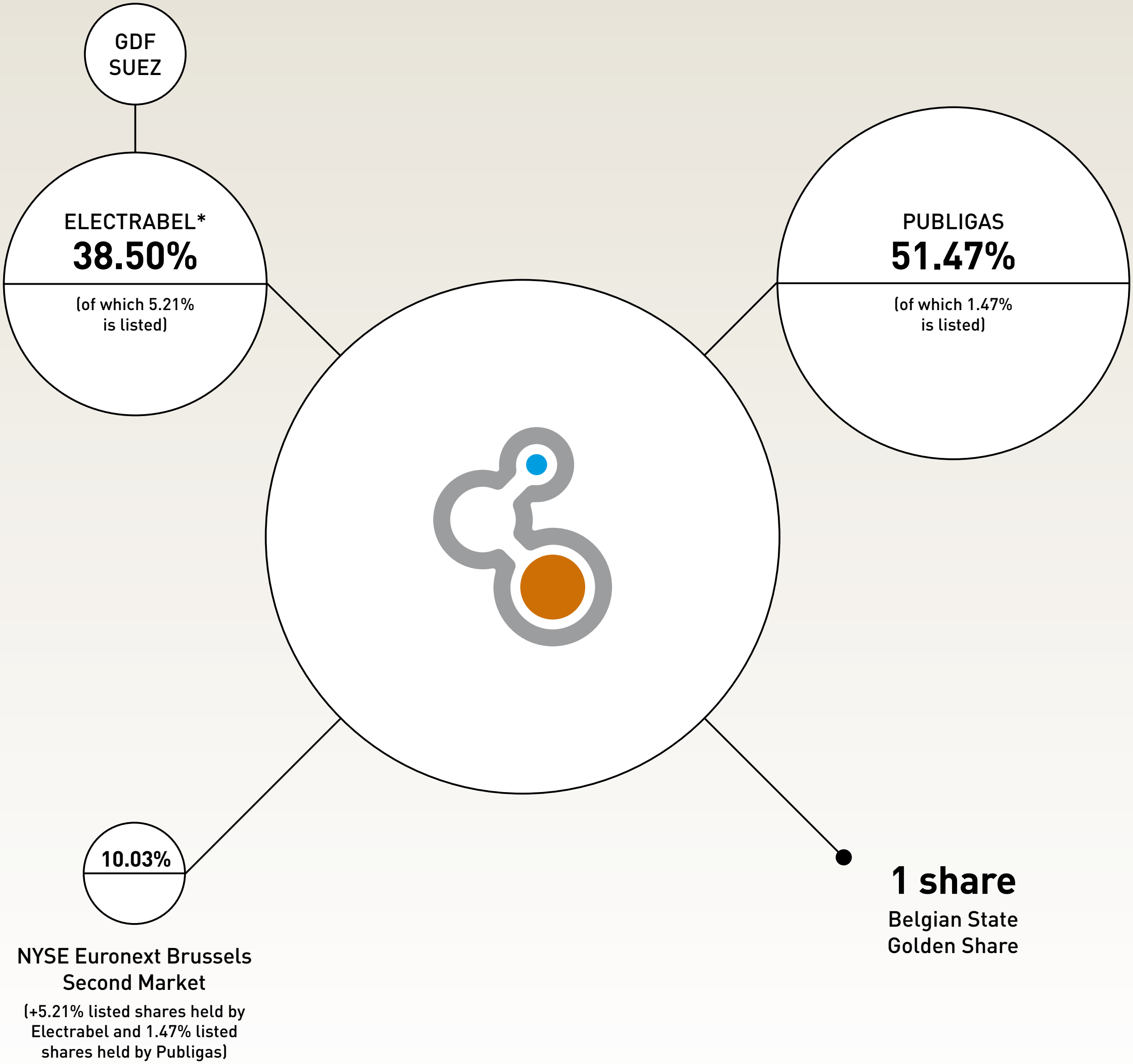
Hub services – Huberator, a Fluxys subsidiary, offers traders a range of services so that they can trade natural gas efficiently at the Zeebrugge Hub, one of the leading short-term natural gas markets in Europe.

Operational support services – All the players in the natural gas chain can outsource the monitoring of nominations for their natural gas movements and transfers by calling in the operational support services of Gas Management Services Limited (GMSL), another Fluxys subsidiary. The company offers its services on the main grids in western Europe and on subsea pipelines in the North Sea. In addition to these operational support services, GMSL also provides specific operations software.



HUB | Interconnection points | LNG terminal | Compressor station | Blending station | Storage

INFRASTRUCTURE



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CORPORATE BODIES AS AT 10 MARCH 2010

Board of Directors

Daniel Termont, Chairman
Jean-Pierre Hansen, Vice-Chairman and Chairman of the Strategy Committee stratégique
Jacqueline Boucher
Jean-Claude Depail
Mireille Deziron
Julien Donfut
Sophie Dutordoir
Luc Hujoel
Luc Janssens
Jacques Laurent, Chairman of the Audit Committee
Patrick Moenaert
Josly Piette
Luc Zabeau
Marianne Basecq (1)
Sophie Brouhon (1)
Caroline De Padt (1)
André Farber (1), Chairman of the Corporate Governance Committee
Monique Lievens (1)
Walter Nonneman (1)
Henriette Van Caenegem (1)
Philippe Wilmès (1)
Paul De fauw
Claude Grégoire, Vice-Chairman of the Strategy Committee
Christian Viaene, Chairman of the Appointment and Remuneration Committee

François Fontaine, Federal government representative acting in an advisory capacity
Walter Peeraer, Chairman of the Executive Board and CEO, invited in an advisory capacity

Nicolas Daubies acts as secretary to the Board of Directors.

(1) Independent directors under the provisions of the Act of 12 April 1965 concerning the natural gas market (as later amended) and as provided for in the Corporate Governance Charter

Strategy Committee

Jean-Pierre Hansen, Chairman

Claude Grégoire, Vice-Chairman

Sophie Brouhon

Sophie Dutordoir

Luc Hujoel

Jacques Laurent

Patrick Moenaert

Walter Nonneman

Philippe Wilmès

François Fontaine, Federal government representative acting in an advisory capacity

Walter Peeraer, Chairman of the Executive Board and CEO, invited in an advisory capacity

Daniël Termont, Chairman of the Board of Directors, invited in an advisory capacity

Nicolas Daubies acts as secretary to the Strategy Committee.

Audit Committee

Jacques Laurent, Chairman

Marianne Basecq

Sophie Brouhon

Paul De fauw

André Farber

Henriette Van Caenegem

Nicolas Daubies acts as secretary to the Audit Committee.

Appointment and Remuneration Committee

Christian Viaene, Chairman

Marianne Basecq

Sophie Brouhon

Jean-Pierre Hansen

Walter Nonneman

Philippe Wilmès

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

Corporate Governance Committee

André Farber, Chairman

Sophie Brouhon

Caroline De Padt

Luc Janssens

Jacques Laurent

Henriette Van Caenegem

Nicolas Daubies acts as secretary to the Corporate Governance Committee.

Company management

Operational management of the company, including day-to-day operations and representation of the company to third parties, is the responsibility of the Executive Board.

Walter Peeraer, Chairman of the Executive Board and Chief Executive Officer, also in charge of Audit, Human Resources, Communication, Legal and Company Secretary
Pascal De Buck, member of the Executive Board and Commercial Director, also in charge of Public Affairs
Gérard de Hemptinne, member of the Executive Board and Director Asset Management
Paul Tummers, member of the Executive Board and Director Strategy and Regulatory Affairs
Peter Verhaeghe, member of the Executive Board and Director Infrastructure Projects & Engineering
Michel Vermout, member of the Executive Board and Chief Financial Officer

Bérénice Crabs acts as secretary to the Executive Board.

In 2009 Fluxys has built more than 50 kilometres of new pipelines.

I. ANNUAL REPORT

In accordance with the Belgian Company Code, the Board of Directors is pleased to be able to present the annual report for the year 2009 for your company and Group and to submit for your approval the annual accounts for the period ending 31 December 2009.

The respective messages from the Chairman of the Board of Directors and the Chairman of the Executive Board, together with the information contained in the other chapters of this report, give an overview of the main activities in 2009. There have been no subsequent events with a material impact on the financial statements as presented.

DECLARATION REGARDING THE FINANCIAL YEAR ENDING 31 DECEMBER 2009

We hereby attest that to our knowledge:

- Fluxys' financial statements, drawn up in accordance with the applicable accounting standards, give a true and accurate picture of the company's assets, financial position and results and those of the companies included in the consolidation scope;
- the annual report gives a true and accurate description of the business development, results and financial position of the company and of the companies included in the consolidation scope, together with a description of the main risks and uncertainties they face.

Brussels, 10 March 2010

Michel Vermout
Member of the Executive Board
Chief Financial Officer

Walter Peeraer
Chairman of the Executive Board
Chief Executive Officer

1. KEY EVENTS

1.1 RESULTS

Consolidated net profit: € 105,2 million (2008 restated: € 118.0 million). The consolidated net profit for the period is € 105.2 million, a decrease of € 12.8 million compared to the restated figures of 2008.

The main reasons for this decline are the non-recurring items recorded in 2008, namely recognition in the income statement of badwill resulting from the takeover of the 25% stake in SEGEO as well as the gains from disposals of financial assets.

2009 dividend: € 52.5 net per share. The proposed net dividend per share in 2009 amounts to € 52.5, as in 2008.

1.2 ACTIVITIES

Transmission customers. On 1 January 2010, 28 companies had a supply licence for transmission into the Belgian market and the number of customers for border-to-border transmission remained stable at around 40.

Offtake. Total offtake of natural gas in 2009 remained virtually unchanged from 2008 and 2007 at 17.5 billion cubic metres. Offtake by power stations connected directly to the Fluxys grid was 24% higher in 2009 than in 2007 and 25% higher than in 2008.

No problem handling the winter peak. Natural gas consumption on the Belgian market hit a record high of just under 100 million cubic metres on Friday, 8 January 2010. This was around 4% higher than the previous record of 6 January 2009. The required capacity was made available in the Fluxys system without recourse to installations for covering peak demand.

New transmission and storage services. Fluxys launched various services allowing grid users to use existing capacity with maximum efficiency and flexibility, and took a number of steps to publish more operational data. In April 2009, Fluxys also introduced a new model for offering storage services. The new model enables greater flexibility in the use of capacity and makes it easier for storage users to manage their own capacity.

Connection agreement for end users. The connection agreement formalises the contractual link between Fluxys and companies directly connected to its grid. Following a market consultation organized by CREG on Fluxys' proposal for the agreement, CREG and Fluxys joined forces to establish a final version of the document.

High level of activity at the LNG terminal. The LNG terminal saw a particularly high level of activity in 2009, with 78 ships unloaded compared to 37 in 2008. The ships transported 4.83 million tonnes of LNG, equivalent to 6.3 billion cubic metres of natural gas. In addition, four vessels were loaded with LNG at the terminal in 2009. Since this new service was launched in August 2008, a total of 10 LNG ships have berthed at the terminal for loading.

All-time highs at the Zeebrugge Hub. The Zeebrugge Hub celebrated its 10th birthday in 2009 with record figures. Both the volumes physically delivered at the Hub and the net traded volumes were up by around 42% in 2009 compared with 2008. A new record was set on 24 September with net traded volumes reaching 2,585 GWh, around seven times the amount of high-calorific natural gas consumed in Belgium on the same day. Over the year as a whole, 62 billion cubic metres of natural gas was traded at the Hub (721 TWh), more than 3.5 times the annual consumption on the Belgian market.

New traders on the Zeebrugge Hub. Interest in natural gas trading at the Zeebrugge Hub remained buoyant in 2009. Huberator signed contracts with six new members, bringing the total number of customers to 76 by the end of the year.

1.3 RECORD INVESTMENTS

€ 226 million invested in infrastructure. The Fluxys Group invested €226 million in infrastructure projects in 2009. Of the total amount invested, 81% went to transmission projects, 17% to storage projects and 2% to LNG terminalling projects. In 2009, investment spending rose by 14% compared with 2008. This trend is set to intensify in the years ahead.

Fluxys acquires 10% stake in IUK at a cost of € 81 million. In December 2009, Fluxys acquired from E.ON Ruhrgas a 10% stake in Interconnector UK Ltd (IUK), the operator of the subsea pipeline between Zeebrugge and Bacton (UK).

1.4 RULING IN THE GHISLENGHIEN CASE

Accident. On 30 July 2004, an accident involving the Zeebrugge-Blaregnies natural gas transmission pipeline took place on the industrial estate in Ghislenghien. The human toll was high: 24 people died and 133 were injured as a result of the accident. Fluxys' management and personnel were deeply shaken by the human suffering caused by the accident.

Trial. Fluxys was prosecuted by the Tournai correctional court for, among other things, involuntary manslaughter and involuntary injury due to lack of caution or prudence. Mindful of the enormous human suffering, Fluxys emphasised the causes of the accident in its pleadings.

The direct cause of the rupture in the transmission pipeline was indeed damage caused to the pipe prior to the accident. It is in fact possible to work safety in the vicinity of Fluxys pipelines, provided that all parties involved on-site assume their statutory responsibilities. After all, every day contractors carry out a great deal of work without causing any damage to underground installations. It has now been established that the disaster in Ghislenghien would not have happened if the safety regulations had been followed.

The Tournai correctional court took the case under consideration on 10 November 2009. In its ruling, handed down on 22 February 2010, the court acquitted Fluxys and found that the company had not made a single mistake.

Appeal by the public prosecutor's office. The public prosecutor's office decided to lodge an appeal against the ruling of the court of the first instance.

Fluxys still firmly believes that, both prior to the accident and during the extraordinary circumstances on the day of the disaster, it acted properly and did not commit any offences. Indeed, the court of the first instance acquitted Fluxys on the basis of this analysis. During the appeal process, Fluxys will once again defend itself with conviction.

1.5 NEW DEVELOPMENTS

New east/west capacity. January 2010 saw the start of the RTR2 project. The project represents an investment of over €300 million and entails laying a second pipeline between Eynatten and Opwijk (170 km) alongside the existing RTR1 pipeline (Zeebrugge/Zelzate - Eynatten). Commissioning of the RTR2 pipeline is due to take place in stages from late 2010 onwards, subject to the necessary permits being obtained.

New north/south capacity. Fluxys plans to enhance its network by late 2013 in order to significantly increase natural gas transmission capacity between Belgium and France. The project represents an investment of approximately €700 million and will involve, among other things, laying a new pipeline of around 125 km between the compressor station in Winksele and the border station in Blaregnies on the Belgian-French border.

European support for Fluxys natural gas infrastructure projects. As part of its European Economic Recovery Plan, the European Commission is seeking to increase investment and modernize Europe's infrastructure. A total of almost €4 billion is being earmarked for energy projects. The Commission has a budget of €2.3 billion for trans-European projects such as LNG projects and enhancements of interconnections between networks. In this context, the European Commission is awarding Fluxys €35 million for the RTR2 project and €67 million for construction of the new north/south pipeline.

Possible additional capacity enhancement at LNG terminal. In 2007, Fluxys LNG launched an international market consultation to gauge interest in additional capacity at the terminal, among other things. Various LNG players have expressed interest in services that would require an additional jetty. A second jetty, which would also enable LNG regasiification vessels to berth, could be built in a first stage, with further enhancement possible at a later stage.

Market consultation on transmission between Belgium and Luxembourg. In June 2009, Fluxys launched a market consultation to assess demand for additional long-term capacity for transmission to Luxembourg. The company has received binding capacity requests totalling 172,000 m^3/hour per year for the period 2015-2025.

Market consultation on transmission between the Czech Republic, Germany and Belgium. In November 2009, RWE Rheinland Westfalen Netz, Fluxys and RWE Transgas Net launched a market consultation to gauge market interest in additional long-term capacity in both directions on the route between the Czech Republic, Germany and Zeebrugge. Fluxys has so far received non-binding market interest in this project.

Market consultation on transmission between France and Belgium. Fluxys and French system operator GRTgaz have initiated talks about the possible development of transmission capacity from France to Belgium, potentially via a new interconnection point. This would enable shippers to bring natural gas from the North of France to Zeebrugge.

1.6 LEGAL AND REGULATORY FRAMEWORK

Tariff agreement with CREG. Fluxys and CREG have agreed on new multi-annual tariffs for natural gas transmission and storage. The new tariffs apply from 1 January 2010 until the end of the current regulatory period (end of 2011) and are amongst the most competitive in Europe.

The new tariffs are based on an entry/exit model with a uniform tariff methodology regarding domestic transmission and border-to-border transmission. The agreement determines tariffs for storage as well. It also provides for stable tariffs through to 2015 and incorporates the principle of tariff stability over the longer term, taking into account Fluxys' extensive investment programme.

The agreement does not cover historical contracts for border-to-border transmission. For grid users entitled to protection under these historical contracts, Fluxys has been charging the regulated tariffs since 1 January 2010 but will make an ex-post adjustment if necessary, in accordance with the final verdict of the Court of Appeal.

On 21 January 2010, four grid users lodged an appeal before the Brussels Court of Appeal against CREG's tariff decision.

Fluxys and Fluxys LNG appointed as system operators. In 2006, Fluxys and Fluxys LNG were provisionally appointed as single operators in Belgium of the transmission and storage facilities and the terminalling facilities respectively. One year later, the procedure started to appoint single operators of the various facilities under the definitive system. On 12 February 2010, following advice from CREG and the Banking, Finance and Insurance Commission (CBFA) and upon proposal by Federal Energy Minister Paul Magnette, the Council of Ministers appointed Fluxys as single operator in Belgium of the natural gas transmission system and storage facilities, and Fluxys LNG as single operator in Belgium of the LNG facilities.

1.7 STAFF TRENDS

Fluxys' values as practical guidelines. In 2009, Fluxys adapted its values to reflect the context in which the company currently operates. Respect for safety and the environment, good neighbourship, professionalism and commitment, cohesion and customer focus are now the Group's five core values. They serve as practical guidelines for staff members in their day-to-day activities in order to flesh out the company's mission and vision.

Recruitment and internships. The company has managed to turn the economic crisis into a recruitment opportunity and in 2009 Fluxys and Fluxys LNG welcomed 113 new members of staff – a net increase of 61. Following this recruitment drive, the total number of staff working for Fluxys and Fluxys LNG stood at 1,095 at the end of 2009. With the Fluxys Group employing a total of 1,154 staff, the relatively high percentage of new staff members (over 10% of the total workforce) will be a real challenge for the Group in 2010 to integrate new members of staff into the company.

Fluxys also has close links with many schools and offers students the opportunity to complete an internship or thesis within the company. In 2009, Fluxys hosted 24 interns following various training courses.

1.8 RESEARCH AND DEVELOPMENT

Applied research. Fluxys carries out R&D projects in-house and in cooperation with the Association Royale des Gaziers Belges (ARGB/KVBG, the technical association of the Belgian gas industry) and other European gas companies under the umbrella of various national and international organisations such as the European Gas Research Group (GERG), the European Committee for Standardisation (CEN), the International Organisation for Standardisation (ISO), the federation of European natural gas transmission companies (Gas Infrastructure Europe, GIE), the European Association for the Streamlining of Energy Exchange – Gas (EASEE-GAS) and Marcogaz, the Technical Association of the European Natural Gas Industry.

Fluxys was involved in the following key research and development projects in 2009:

Metrology

- Development of a methodology for assessing methane losses during maintenance work and gas compression operations.
- In the context of environmental activities, a working group was set up to draft an international standard against which to measure carbon dioxide (CO_2) emissions. A similar working group was also established to measure methane (CH4) emissions. Initially, the latter compiles an inventory of current methods to measure natural gas (methane) emissions and looks into what specific methods would be appropriate for measuring emissions from natural gas transmission systems.
- Tests involving a laser molecular assessment system to detect and measure natural gas given off into the air. In 2010, Fluxys will be testing this system to detect possible pipeline leaks.

Pipeline condition

- Fluxys systematically inspects its pipelines using 'intelligent pigs', measuring instruments which are inserted into a pipe and thrusted along with the natural gas flow. A study has also been launched to develop external measuring systems using ultrasonic or magnetic waves.
- Fluxys is taking part in comparative tests involving acoustic detection of shocks close to pipelines. Acoustic detection should help to detect damage to pipelines caused by third parties.
- In 2008, Fluxys launched a study to investigate a new method of protecting pipelines from corrosion induced by stray alternating current, for instance in the vicinity of high-voltage power lines. The initial results have been positive and the study was continued during 2009.
- In 2009, Fluxys launched a project to assess pipeline coating: a study was launched to compare the polyethylene generally used nowadays with fusion bound epoxy, specifically in terms of durability, flexibility and resistance to corrosion.

Exchange of operational data

- With a view to optimising data exchange between natural gas companies, further steps were taken to both facilitate and standardise secure Internet communication across Europe.
- Fluxys is contributing to developing international protocols and standards regarding electronic data exchange between natural gas companies.

2. FINANCIAL SITUATION

2.1 FLUXYS GROUP – 2009 RESULTS (IFRS)

FOREWORD

In 2008, the initial accounting for the business combinations Fluxys & Co (formerly Distrigas & C°) and SEGEO was determined provisionally: goodwill of €402,638 thousand and €4,890 thousand respectively had not yet been allocated to the acquired assets and liabilities. The initial accounting was completed on 31 December 2009. In line with IFRS 3, the 2008 accounts have been retrospectively restated.

On the balance sheet, the aforementioned goodwill amounts were allocated to 'Property, plant and equipment' (€326,854 thousand) and 'Intangible assets' (€286,665 thousand) as well as to 'Current assets' (€47,259 thousand) and 'Deferred tax liabilities' (€210,998 thousand). Completion of this initial accounting also resulted in an increase in equity of €42,252 thousand. In the income statement, the restatement affected 'Depreciation and amortisation' (-€10,906 thousand), 'Financial income' (+€7,246 thousand), 'Non-operating income' (+€7,499 thousand) and 'Tax' (+€1,244 thousand). This resulted in an increase of €5,083 thousand in net profit for 2008.

PERSISTENT UNCERTAINTY IN THE REGULATORY FRAMEWORK

The 2009 accounts, like those for 2008, were drawn up in a regulatory environment where recognition of the results of our activities was highly uncertain due to the decisions on tariffs taken by the Commission for Electricity and Gas Regulation (CREG).

Having rejected the proposals for multi-year tariffs submitted by Fluxys in 2007, CREG in its decision of 19 December 2007 imposed provisional transport and storage tariffs equivalent to those applied in 2007. Pursuant to this decision, Fluxys applied these tariffs from 1 January 2008.

In 15 May 2008, CREG published a decision on transit tariffs. A Royal Decree of 27 May 2008 suspended this decision, but on 6 June 2008 CREG confirmed its initial decision and added a decision setting new provisional transport and storage tariffs.

Fluxys decided to lodge an appeal before the Court of Appeal against these decisions and to maintain, as a precaution, the tariffs that were already being applied.

On 28 November 2008 and 29 June 2009, the Court of Appeal handed down rulings suspending the contested CREG decisions. These rulings are provisional, pending the judgement on the substance of the case.

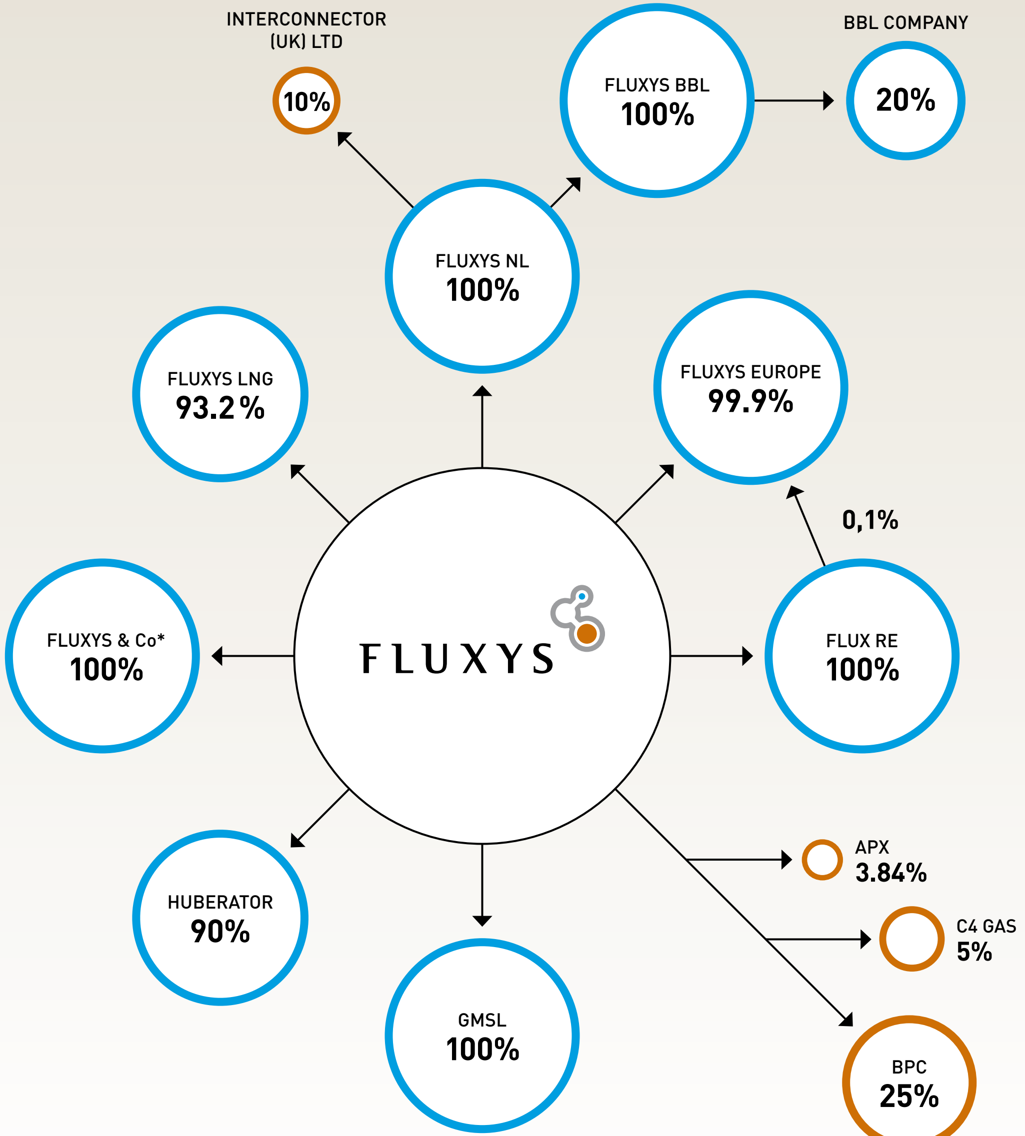
In the absence of final decisions at the moment of closing the financial statements, the Fluxys Group has decided – while contesting CREG's positions – to take the principle of caution as its guideline and to factor the effects of the contested CREG decisions into its financial statements for 2009, mainly by booking provisions, in the same way as it did when closing its 2008 accounts.

CONSOLIDATION SCOPE

The following changes occurred in the consolidation scope in 2009:

- Fluxys Europe SA, with a capital of €81,000 thousand, was incorporated on 10 December 2009 by Fluxys (99.9%) and Flux Re (0.1%). The primary purpose of the company is to acquire stakes in international activities.
- The company Fluxys & Co (formerly Distrigas & C°), which the Group acquired in 2008, was partially demerged in the first half of 2009. Its gas transit contract sales business was absorbed by Fluxys SA on 12 May 2009, with effect from 1 January 2009. The stake in the partnership under Norwegian law 'Partrederiet BW Gas Fluxys DA' – which charters an LNG carrier – as well as the rights and obligations associated with pending regulatory and tax disputes reside within Fluxys & Co.
- The company SEGEO, which owns the 's-Gravenvoeren - Blaregnies pipeline and which has been wholly owned by Fluxys since 1 July 2008, was also absorbed by the latter on the same date and with the same retroactive effect. Consequently, SEGEO has been eliminated from the consolidation scope.

These absorptions had no impact on the consolidated financial statements.



Consolidated companies

Non-consolidated companies

* Huberator holds 1 share in Fluxys &Co.

CONSOLIDATION SCOPE

SUMMARY CONSOLIDATED INCOME STATEMENT

Summary consolidated income statement			(In thousands of euro)
		Restated	
	31-12-2009	31-12-2008	31-12-2008
Revenue	688,030	592,203	592,203
Other operating income	8,360	13,224	13,224
Consumables, merchandise and supplies used	-30,332	-30,498	-30,498
Miscellaneous goods and service	-159,562	-148,242	-148,242
Employee expenses	-114,615	-106,474	-106,474
Other operating expense	-9,514	-8,117	-8,117
Net depreciation and amortisation	-122,830	-89,157	-78,251
Net allocations to provisions	-77,468	-53,728	-53,728
Impairment losses	-115	-3,140	-3,140
Profit from continuing operations before tax and finance costs	181,954	166,071	176,977
Profit/loss from disposal of financial assets	198	3,016	3,016
Change in value of financial instruments	668	-2,531	-9,777
Financial income	11,603	24,400	24,400
Finance costs	-40,554	-35,398	-35,398
Profit from continuing operations after finance costs	153,869	155,558	159,218
Other non-operating income	0	7,499	0
Income tax expense	-48,712	-45,079	-46,323
Net profit for the period	105,157	117,978	112,895
Fluxys share	103,242	116,047	110,964
Minority interest	1,915	1,931	1,931
Basic earnings per share attributable to equity holders of the parent in €	146.9	165.2	157.9
Diluted earnings per share attributable to equity holders of the parent in €	146.9	165.2	157.9

Revenue. Revenue for 2009 was €688,030 thousand, compared to €592,203 thousand for 2008, i.e. an increase of €95,827 thousand.

This revenue breaks down as follows:

- €617,549 thousand (89.76%) from activities subject to the Gas Act, i.e. gas transmission, storage and terminalling in Belgium. Revenue from these activities increased by €94,045 thousand. The following factors had a positive influence on this revenue:
  - Troll and RTR border-to-border transmission activities, which contributed to the revenue for a whole year in 2009, compared with half a year in 2008 (+ €81,688 thousand).
  - SEGEO border-to-border transmission activities, which were absorbed by Fluxys in 2009 and were integrated proportionally until 30 June 2008 (+ €703 thousand).
  - The commissioning of additional facilities at the LNG terminal in Zeebrugge on 1 April 2008; the invoiced capacity has progressively risen from 66 to 110 slots a year.
  - Investments made which contributed to an increase in revenue.
- €70,481 thousand (10.24%) from other Group activities. The increase of €1,782 thousand in this revenue was mainly due to the income from renting out the LNG carrier, which was integrated for a whole year in 2009 compared with half a year in 2008.

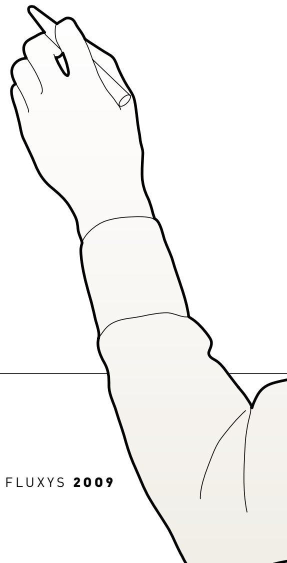
Profit from continuing operations and net financial income. The increase in revenue did not result in an equivalent increase in the profit from continuing operations after finance costs, mainly because of the principles used to determine the profit from regulated activities, which are set by law. The reduction in this profit is mainly owing to non-recurring items recorded in 2008.

Income tax expense. The increase in tax is the result of a reduction in notional interest and non-recurring items in 2008.

Net profit for the period. The net profit for the period decreased compared to the (restated) 2008 figure. The main reasons for this decline are the restatements and non-recurring items recorded in 2008, namely recognition in the income statement of badwill resulting from the takeover of the 25% stake in SEGEO as well as the gains from disposals of financial assets.

SUMMARY CONSOLIDATED BALANCE SHEET

Summary consolidated balance sheet			(In thousands of euro)
		Restated	
	31-12-2009	31-12-2008	31-12-2008
I. Non-current assets	**2,739,610**	**2,551,407**	**2,345,416**
Property, plant and equipment	2,326,330	2,210,260	1,883,406
Intangible assets	296,485	304,214	17,549
Goodwill	3,465	3,230	410,758
Other financial assets	84,242	2,989	2,989
Finance lease receivables	29,088	30,486	30,486
Other non-current assets	0	228	228
II. Current assets	**704,555**	**363,445**	**316,186**
Inventories	67,851	67,981	67,981
Other current financial assets	23,250	22,552	15,306
Income tax receivables	4,838	26,125	26,125
Finance lease receivables	1,395	1,093	1,093
Trade and other receivables	64,511	71,792	31,779
Short-term investments	16,025	0	0
Cash and cash equivalents	514,389	166,658	166,658
Other current assets	12,296	7,244	7,244
Total assets	**3,444,165**	**2,914,852**	**2,661,602**



Non-current assets. The increase in non-current assets is mainly due to investments in property, plant and equipment made during the year (€226,648 thousand), less a depreciation of €104,963 thousand. Most of this investment was in transmission (€105,977 thousand), storage (€37,595 thousand) and compression (€39,338 thousand). The investments in intangible assets (excluding allocated goodwill) totalled €10,423 thousand, with depreciation of €8,173 thousand.

As noted in the foreword, the goodwill amounts recognised in 2008 (€407,528 thousand) were allocated during the second half of 2009. The 2008 accounts were adapted retrospectively to take account of this allocation.

Current assets. The increase in current assets was largely concentrated under cash and cash equivalents, and resulted from withdrawal of the balance of the EIB loan concluded in 2008, i.e. €120,000 thousand, and the issuing of a bond loan for €350,000 thousand.

Equity and liabilities			(In thousands of euro)
		Restated	
	31-12-2009	31-12-2008	31-12-2008
I. Equity	**1,388,995**	**1,330,763**	**1,288,511**
Equity attributable to equity holders of the parent	1,369,083	1,311,086	1,268,834
Share capital and share premiums	60,310	60,310	60,310
Retained earnings	1,309,992	1,252,506	1,210,254
Translation adjustments	-1,219	-1,730	-1,730
Minority interests	19,912	19,677	19,677
II. Non-current liabilities	**1,659,646**	**1,178,477**	**967,479**
Interest-bearing liabilities	1,040,580	534,157	534,157
Provisions	23,542	23,541	23,541
Provisions for employee benefits	65,165	72,196	72,196
Deferred tax liabilities	530,359	548,583	337,585
III. Current liabilities	**395,524**	**405,612**	**405,612**
Interest-bearing liabilities	81,998	186,500	186,500
Provisions	178,232	95,486	95,486
Provisions for employee benefits	4,342	4,789	4,789
Other financial liabilities	3,806	3,333	3,333
Income tax payables	11,717	8,361	8,361
Trade and other payables	113,034	103,659	103,659
Other liabilities	2,395	3,484	3,484
Total equity and liabilities	**3,444,165**	**2,914,852**	**2,661,602**

Equity. (see table below "Change in equity")

Non-current liabilities. The increase in long-term debts resulted from a growth in interest-bearing debts following withdrawal of the balance (€120,000 thousand) of the EIB loan concluded in 2008 and the issuing in December 2009 of a €350,000 thousand bond loan to finance the investments planned for 2010 and 2011.

Current liabilities. Short-term debts remained stable. However, interest-bearing short-term debts fell as the commercial papers issued by the Group matured at the end of 2009. Also, the amount of provisions increased due to the booking of new provisions for the dispute with CREG (see above).

CHANGE IN EQUITY

Change in equity			(In thousands of euro)
	Equity attributable to equity holders of the parent	Minority interests	Total equity
Closing balance as at 31-12-2008 (restated)	**1,311,086**	**19,677**	**1,330,763**
1. Profit for the period	103,242	1,915	105,157
2. Other comprehensive income	3,939	7	3,946
3. Dividends paid	-49,184	-1,687	-50,871
4. Changes in scope	0	0	0
5. Other changes	0	0	0
Closing balance as at 31-12-2009	**1,369,083**	**19,912**	**1,388,995**

The change in equity corresponds to the profit for the year and the impact of the other comprehensive income minus the dividends paid during the year.

The equity for 2008 was adjusted by €42,252 thousand due to the Fluxys & Co and SEGEO goodwill allocations.

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

Summary consolidated cash flow statement		(In thousands of euro)
	31-12-2009	**31-12-2008**
Cash at the start of the period*	**166,658**	**219,500**
Cash flows from operating activities (1)	354,363	277,044
Cash flows used in investing activities (2)	-312,070	-1,190,046
Cash flows used in financing activities (3)	321,463	315,282
Increase/decrease in cash	**363,756**	**-597,720**
Impact of acquisitions and divestitures	**0**	**544,878**
Cash at the end of the period*	**530,414**	**166,658**

(1) Cash flows from operating activities also include changes in the working capital requirement.
(2) This amount takes also into account the disinvestments.
(3) These flows include dividends paid.
** 'Cash' includes cash, cash equivalents and short-term investments.*

INDICATORS

Indicators	2009	2008
RAB (in million €)		
Domestic transmisson	1,147.0	1,022.3
Storage	239.5	201.2
LNG Terminalling	299.7	302.3
WACC (in %)		
Domestic transmisson	7.16	7.72
Storage	7.42	7.98
LNG Terminalling	7.64	8.23
EBIT (in million €)	182.0	166.1 *
Net financial debt (in million€)	592.2	554.0
ROCE (in %)	5.98	5.65 *

EBIT: earnings

ROCE: return on capital employed

** These are the restated figures of 2008.*

2.2 FLUXYS SA – 2009 RESULTS (BELGIAN GAAP)

Net profit of Fluxys SA was €65.9 million, identical to the 2008 figure.

Taking into account profit brought forward of €43.1 million, an addition to the untaxed reserves amounting to €3.3 million and the statutory obligation to distribute a minimum of 75% of the net profit, the Board of Directors will propose to the General Assembly to allocate profits as follows:

- €56.6 million to profit to be carried forward;
- €49.2 million as a dividend to shareholders.

If this proposal is accepted, the gross dividend per share in 2009 will be €70 (€52.50 net), which is identical to last year. Dividends will be payable as from 20 May 2010.

2.3 OUTLOOK 2010

Bearing in mind the development of its business activities for the current financial year, and barring any unforeseen circumstances, Fluxys expects to pay out a dividend in 2010 that is at least equal to the dividend for financial year 2009.

2.4 ACTIVITIES AND RESULTS OF SUBSIDIARIES

Fluxys LNG SA (consolidated subsidiary – Fluxys stake 93.2%)
Fluxys LNG owns and operates the LNG Terminal in Zeebrugge and sells terminalling capacity and related services. In 2007, Fluxys LNG launched an international market consultation to gauge interest in additional capacity at the terminal. Several players in the LNG sector have expressed interest which could lead initially to building an additional jetty. Additional send-out and storage capacity could be built in a second phase.

Fluxys LNG's equity was €318 million at 31 December 2009, compared with €318.4 million in 2008. The net result for the financial year 2009 was €21.6 million, compared with €17.6 million in 2008.

Fluxys & Co SA (consolidated subsidiary – Fluxys stake 99.98% and Huberator stake 0.02%)
Fluxys & Co was partially split off on 8 May 2009. The field of activity entailing border-to-border transmission (marketing of natural gas transmission capacity in the Zeebrugge-Blaregnies (Troll) and Zeebrugge-Zelzate/Eynatten (RTR1) pipelines) and the associated cash were transferred to Fluxys Transit, a subsidiary of Fluxys. Fluxys Transit was incorporated into Fluxys via a merger-like operation on 12 May 2009.

Fluxys & Co continues to exist following this partial demerger, its assets comprising a 49% stake in the Partrederiet BW Gas Fluxys DA incorporated under Norwegian law and owner of the LNG ship BW Suez Boston, and retains the rights and obligations associated with pending disputes in regulatory and tax matters.

Fluxys & Co's equity was €0.1 million at 31 December 2009. The net result for the financial year 2009 was €6.6 million.

SEGEO SA
SEGEO (Société européenne du Gazoduc Est-Ouest), owns the gas transmission infrastructure between 's-Gravenvoeren and Blaregnies and was incorporated into Fluxys via a merger-like operation on 12 May 2009. Following the transaction, all SEGEO's assets, without exception or reserve, were transferred in full to Fluxys and as such SEGEO ceased to exist. The associated infrastructure was taken over by Fluxys on 1 January 2009.

Fluxys Europe SA (consolidated subsidiary – Fluxys stake 99.9%)
Fluxys Europe was established on 10 December 2009 by Fluxys (99.9%) and Flux Re (0.10%) with a view to incorporate stakes in international natural gas activities.

Huberator SA (consolidated subsidiary – Fluxys stake 90%)
Huberator operates the Zeebrugge Hub and provides services to companies (Hub Customers) trading volumes of gas on the Hub. In late 2009, the company had 76 members (compared with 73 in late 2008). In 2009, the net volume of natural gas traded on the Zeebrugge Hub was up 42.6% on 2008. A total of 62 billion cubic metres (721 TWh) of natural gas were traded on the Hub in 2009, which is more than 3.5 times the annual consumption rate for the Belgian market.

Huberator's equity was €3.7 billion at 31 December 2009, compared with €3.8 million the previous year. The net result for the financial year 2009 was €4.5 million, compared with €4.9 million in 2008.

Gas Management Services Limited (consolidated subsidiary – Fluxys stake 100%)
Gas Management Services Limited (GMSL), a company established under British law, offers operational support services to natural gas chain operators for monitoring their natural gas movements and transfers on transmission grids in Ireland, Austria, France, the United Kingdom, Belgium, Germany, the Netherlands, Norway, Italy and Switzerland as well as in subsea pipelines in the North Sea, both within gas-production fields in Norway and in the North Sea. GMSL has consolidated its position on the gas market by diversifying its portfolio of operational support services and via three major IT projects. In 2009, the development of PowerTrak also enabled GMSL to shore up its position on the electricity market.

GMSL's equity was €0.4 million at 31 December 2009, the same figure as in 2008. The net result for the financial year 2009 was €2.2 million, compared with €2.3 million in 2008.

Fluxys NL BV (consolidated subsidiary – Fluxys stake 100%)
Fluxys NL is a company established under Dutch law and set up on 23 June 2004 primarily to hold a stake in Fluxys BBL BV. On 17 December 2009, Fluxys NL purchased from E.ON Ruhrgas a 10% stake in Interconnector UK Ltd (IUK), the operator of the subsea pipeline connecting Zeebrugge with Bacton in the United Kingdom since 1998.

Fluxys NL's equity was €29.4 million at 31 December 2009, compared with €28.7 million in 2008. The net result for the financial year 2009 was €0.7 million, the same figure as in 2008.

Interconnector (UK) Limited (non-consolidated company – Fluxys NL BV stake 10%)
Interconnector (UK) Limited, a company established under British law and set up in 1994, operates the subsea natural gas pipeline (235 km) and the coastal landing terminals at Bacton in the United Kingdom and Zeebrugge for the transmission of natural gas in both directions between markets in the United Kingdom and continental Europe. Fluxys holds a 10% stake in Interconnector (UK) Limited via its subsidiary Fluxys NL BV, the other shareholders being La Caisse de dépôt et placement du Québec, CDP Investissements, ConocoPhillips, Distrigas, Electrabel, ENI, E.ON Ruhrgas and Gazprom.

For the financial year ending 30 September 2009, Interconnector (UK) Limited recorded a net consolidated profit of £53.3 million and a turnover of £151.7 million.

Fluxys BBL BV (consolidated subsidiary – Fluxys NL BV stake 100%)
Fluxys BBL is a company established under Dutch law and was set up on 23 June 2004 as part of the operation to take a 20% stake in BBL Company VOF.

Fluxys BBL's equity was €15.2 million at 31 December 2009, compared with €11.7 million in 2008. The net result for the financial year 2009 was €3.4 million, compared with €6.4 million in 2008.

BBL Company VOF (joint venture – Fluxys BBL BV stake 20%)
BBL Company VOF is a partnership established under Dutch law and was set up on 9 July 2004 to manage construction, operation and marketing of the subsea natural gas pipeline between Bacton in the United Kingdom and Balgzand in the Netherlands. The pipeline was commissioned on 1 December 2006.

BBL Company VOF's equity was €494.8 million at 31 December 2009, compared with €511.2 million in 2008. The pre-tax net result for the financial year 2009 was €72 million, compared with €77.5 million in 2008.

Flux Re (consolidated subsidiary – Fluxys stake 100%)
Flux Re is a reinsurance company established under Luxembourg law set up on 18 October 2007. On 10 December 2009, Flux Re acquired a 0.10% stake in Fluxys Europe (a new Fluxys subsidiary).

Flux Re's equity was €4.8 million at 31 December 2009, the same figure as in 2008.

Belgian Pipe Control SA (non-consolidated company – Fluxys stake 25%)
Belgian Pipe Control (BPC) is responsible for low-level maintenance and inspection of pipelines belonging to third parties and used for the transmission of products other than natural gas. In December 2009, the contracts in force between BPC and SNTC were terminated effective 1 January 2010. Insofar as BPC is winding up its activities, the Board of Directors plans to propose dissolving and liquidating the company at the next Annual General Meeting to be held in 2010.

Belgian Pipe Control's equity was €0.2 million at 31 December 2009, compared with €0.1 million in 2008.

C4Gas SA (non-consolidated subsidiary – Fluxys stake 5%)
C4Gas is a public limited company set up in 2002 with GDF SUEZ and National Grid. Its purpose is to create and operate a gas material purchasing portal.

APX BV (non-consolidated company – Fluxys stake 3.84%)
APX BV, a company established under Dutch law, is a group of international power and gas exchanges in the Netherlands, the United Kingdom and Belgium. The company also provides market data and indices for electricity and natural gas to meet the needs of traders, energy suppliers and energy-intensive industries.

In December 2008, APX acquired ENDEX. Most of 2009 was therefore spent incorporating ENDEX's activities into an integrated structure.

2.5 RISK MANAGEMENT

MARKET RISKS AND FINANCIAL INSTRUMENTS

Exchange risk. Only a small percentage of Fluxys' current revenue is denominated in a currency other than euro, primarily pounds sterling and US dollars. Since Fluxys presents its consolidated results in euro, a fluctuation in the exchange rate between the euro and these other currencies is likely to affect Fluxys' income statement and consolidated balance sheet when foreign currencies are converted into euro. However, such fluctuations are marginal relative to the volume of revenue concerned. Furthermore, to limit this kind of exchange risk, some such cash flows are covered in the form of forward contracts concluded by Fluxys for the purchase and sale of currencies.

Counterparty risk. The risk of counterparties defaulting is very small. Nevertheless, a default could impact negatively on Fluxys' financial results. Fluxys invests the cash surplus either with prominent financial institutions or in the form of financial instruments issued by companies with high ratings, or, indeed, in financial instruments issued by companies in which the Belgian government is the majority shareholder or which are underwritten by an EU State.

FINANCIAL RISKS LINKED TO COMMERCIAL TRANSACTIONS

The Group's policy on financial risks linked to commercial transactions allows it, for most of its activities, to demand guarantees from its counterparties on a contractual basis. These can take the form of either a bank guarantee or a cash deposit. Fluxys closely monitors the commercial debts owed to it and systematically assesses the financial capacity of its counterparties. The risk of default is therefore limited but Fluxys cannot rule out such a risk completely or, by extension, a potential negative impact on its financial situation.

Historic border-to-border transmission contracts. Since 1 January 2010, Fluxys has applied for its transmission services the regulated tariffs approved by CREG on 18 December 2009, subject to ex post correction following a definitive substantive decision in pending disputes concerning historic border-to-border transmission contracts (see Regulated Tariffs, p. 54). Some grid users are challenging invoices drawn up on the basis of the new regulated tariffs in relation to their historic border-to-border transmission contracts.

Growth in Fluxys' activity. In order to safeguard its future growth, Fluxys plans to seize opportunities to invest in new or existing network projects. Implementing such projects could give rise to various risks and uncertainties, such as differences in corporate culture, services, regulation and markets as well as uncertainties in terms of business plans, and such risks could impact on Fluxys' future financial situation and results.

Retirement scheme. Some Fluxys employees are covered by a defined-benefit pension scheme and others by a fixed-contribution pension scheme. The defined-benefit pension scheme is a scheme whereby the level of benefits is determined by several factors such as age, duration of career, salary and/or guaranteed return on contributions paid. Estimates of the level of contributions are based on several actuarial scenarios and other factors such as actual and forecast performance of the pension fund, long-term interest rates and life expectancy.

If, at a given year-end, the fair value of assets held in a defined-benefit pension scheme is less than the benefit to be paid out (determined on the basis of actuarial scenarios), Fluxys runs the risk of under-financing, which could result in it being required to fund additional contributions. Such a risk of under-financing is currently covered via provisions set aside in Fluxys' consolidated accounts. However, in the future, this risk could prompt the need for additional provisions and therefore impact on Fluxys financial situation.

Internal control. A system of internal control of financial reporting has been set up within Fluxys to ensure that the Group's financial reports are as accurate as possible and to prevent fraud. Fluxys regularly assesses the quality and efficacy of these internal control procedures. However, internal control would not prevent or detect inaccuracies arising due to the inherent limitations of the system, such as the possibility of human error, circumvention or avoidance of checks, or fraud. Even efficient internal control can provide only a reasonable level of assurance that financial statements have been prepared and presented accurately. Failure to pick up shortcomings or inaccuracies via internal control could impact on Fluxys' results and in such a situation could result in the company failing to comply with its obligations as regards financial statements.

OPERATIONAL RISKS

The main activities in which Fluxys is involved are transmission and storage of natural gas and operations at the LNG Terminal in Zeebrugge. Natural gas can be inflammable under certain conditions and as such can cause serious accidents.

Risks linked to the operation of Seveso sites. Fluxys and Fluxys LNG operate three Seveso sites: the LNG Terminal and the peak-shaving facility in Zeebrugge and the underground storage facility in Loenhout. In accordance with Seveso legislation, Fluxys and Fluxys LNG pursue a proactive risk-management policy covering well-being at work, industrial safety and the environment.

Damage to infrastructure caused by third parties. Serious pipeline incidents arise mainly from damage caused by third parties. To avoid such damage, anyone planning or wanting to carry out work in the vicinity of natural gas transmission infrastructure is legally obliged to notify Fluxys in advance. Fluxys then confirms whether or not any natural gas transmission infrastructure is located in the vicinity of the works. If this is the case, the applicant is sent all relevant information and details of further procedures to be followed to carry out the work safely. Fluxys also plays an active role in initiatives to keep the notification requirement threshold as low as possible (see also Simplifying notification of works, p. 149).

Fluxys patrol officers in the field regularly check the pipeline routes and assist contractors working in the vicinity of natural gas transmission infrastructure. Along the pipeline routes, they also check that no-one is conducting work about which Fluxys has not been informed.

Fluxys regularly evaluates this integrated administrative and operational approach to works by third parties to identify ways in which it can be improved. The company also implements an active awareness-raising policy on safety issues for local authorities and all parties involved in works close to its natural gas transmission infrastructure.

Corrosion. Fluxys' pipelines have an external synthetic coating to prevent them from corroding and the pipeline network as a whole is fitted with a cathodic protection system to prevent and monitor pipeline corrosion. In addition, the inside of the pipelines is systematically inspected using so called intelligent PIGs (Pipeline Inspection Gauges). However, these instruments cannot be used in some pipes, so Fluxys is taking part in a study by the European Gas Research Group (GERG) into alternatives involving external measurements using ultrasonic or magnetic waves. A study is also under way to develop a new means of protecting pipelines against corrosion induced by stray alternating current (see also Research and development, p.31).

Environmental impact. The natural gas transmission infrastructure has a minimal impact on the environment compared with other forms of transmission, and Fluxys' environmental policy focuses on systematically reducing that minimal impact further still (see also Environment, p.162).

Availability of new capacity on time. Establishing pipeline routes in a densely populated country like Belgium is becoming ever more complex and a range of permitting procedures and laws need to be taken into consideration. There is also the problem of the distribution of powers between the federal, regional and local governments. These circumstances result in lead times of five or six years for implementing an infrastructure project of any scale. In many cases that is longer than the time-frame within which the market requires new capacity. With this in mind, Fluxys launches authorisation procedures, and the preparations for such procedures, as soon as it can and tries to provide transparent information to the municipal authorities, local residents and other relevant parties from the very preliminary stages. Given the time periods involved and despite preparing development files as quickly as possible, Fluxys could in the future be required to invest funds (e.g. to purchase pipes) before obtaining permits.

Technical risk. Shortcomings in natural gas transmission systems and IT systems used to manage the gas system may give rise to malfunctions in the natural gas transmission system. The latter are vulnerable to problems caused by events outside Fluxys' control such as natural disasters, terrorist attacks, new computer viruses, attempted hacking and other IT security issues.

Fluxys has taken all necessary measures to ensure that its main computer system and the systems used to manage its infrastructure remain up and running. To this end, the Group has drawn up a standby plan and has duplicated its systems to ensure continued operation in the event of a major problem. This plan is tested and updated regularly. Fluxys has also made provision for liability-exemption clauses in its transmission contracts, except in the event of fraud or gross negligence. Such measures help to limit the impact of a serious shortcoming in the various components of the technical and IT systems, however it is impossible to rule out completely all eventualities which might potentially cause disruption to natural gas transmission services and may affect Fluxys' results.

Crisis management. Competent teams have been set up to manage and control crisis situations prompted by incidents and accidents involving a facility operated by Fluxys or Fluxys LNG. Members of these teams receive special crisis-management training and are regularly invited to participate in crisis-management drills.

REGULATORY RISKS

Monitoring expenditure. For those activities which fall under the Gas Act of 12 April 1965 (regulated activities), Fluxys is remunerated on the basis of return on invested capital. In relation to these activities, Fluxys falls under the authority of ex-ante decisions (approval of budgets and tariffs) and ex-post decisions (approval of gains/losses and their purpose) of the Belgian federal regulator (CREG). If the regulator rejects the Group's expenditure, this can have an impact on Fluxys' financial situation and results.

Application of regulated tariffs. In May and June 2008, after rejecting the various tariff proposals Fluxys had submitted for the tariff period 2008-2011, CREG imposed provisional border-to-border transmission tariffs (the first regulated border-to-border transmission tariffs to be implemented) and lowered the provisional domestic transmission tariffs which it had originally set at 2007 levels.

Fluxys submitted petitions to the Brussels Court of Appeal (and also – as a precaution – to the Council of State) to suspend and annul the above CREG decisions. In its judgement of 10 November 2008 the Brussels Court of Appeal suspended the provisional border-to-border transmission tariffs and in a further judgement of 29 June 2009 also suspended the provisional domestic transmission tariffs.

On 18 December 2009, pursuant to an option under Belgian legislation to discontinue a regime of provisional tariffs, Fluxys and CREG agreed on transmission tariffs using a single (cost-based) tariff methodology for domestic and border-to-border transmission. The agreement reached also covers determining storage tariffs. The new tariffs are applicable from 1 January 2010 to the end of the current regulatory period (31 December 2011).

However, the agreement between Fluxys and CREG does not apply to appeals lodged by Fluxys and pending before the Brussels Court of Appeal (substantive actions for annulment) and those lodged before the Council of State against CREG's decisions of May and June 2008 in relation to historic border-to-border transmission contracts. The provisions put in place by Fluxys to cover the risk arising from this aspect of the disputes and the guarantees obtained at the time of acquiring border-to-border transmission activities from Distrigas & C° in July 2008 remain applicable pending a definitive substantive ruling on this particular aspect.

On the basis of this agreement, Fluxys submitted a tariff proposal which was approved by CREG on 22 December 2009. On 21 January 2010, four grid users lodged actions for annulment before the Brussels Court of Appeal. Two of those plaintiffs also lodged actions for suspension against the ruling.

Improving efficiency and productivity. The tariff agreement includes a coefficient by which productivity must be improved during the 2008–2011 regulatory period. The system operator will be held responsible for any failure to achieve the improvement target set and additional steps are to be taken during the 2012-2015 regulatory period. The precise nature of these additional steps has yet to be determined through consultation between Fluxys and CREG.

Ex post differences in relation to reference quantities. The tariffs approved by CREG are based on pre-determined reference quantities of capacity that Fluxys is forcasted to sell to grid users. If Fluxys sells more capacity than the reference quantities, the tariffs will be lowered – as in the past – during the next regulatory period. Conversely, if Fluxys sells less capacity than the reference quantities, this difference will be reflected on the company's fair profit margin and cannot cause tariffs to rise during the next regulatory period.

LEGAL RISKS

In the normal course of its activities, Fluxys is involved in a number of lawsuits with third parties. Provisions are set aside in case they are required for these disputes and Fluxys also has insurance cover for any civil liability obligations vis-à-vis third parties.

Ghislenghien. Regarding the Ghislenghien accident on 30 July 2004, Fluxys was prosecuted by the Tournai correctional court for, among other things, involuntary manslaughter and involuntary injury due to lack of caution or prudence. The correctional court took the case under consideration on 10 November 2009. In its ruling, handed down on 22 February 2010, the court acquitted Fluxys and found that the company had not made a single mistake. In March 2010, the public prosecutor's office decided to lodge an appeal against the ruling of the court of the first instance and to contest various acquittals, including Fluxys's.

Fluxys and/or its insurers have been subpoenaed by the various victims of the disaster to appear before the court of the first instance and the commercial courts of Brussels and Tournai. Fluxys and its insurers have also subpoenaed the other accused parties to appear before the court of the first instance in Tournai. Nine civil cases are currently pending.

Guarantee at the time of the takeover of Distrigas & C°. On 1 July 2008, Fluxys purchased Distrigas & C° from Distrigas, the former being responsible for marketing border-to-border transmission capacity in the Troll (Zeebrugge–Blaregnies) and RTR1 (Zeebrugge–Zelzate/Eynatten) pipelines. The acquisition was one of a number of commitments made to the European Commission in connection with the merger between GDF and SUEZ. At the time of this acquisition, SUEZ-Tractebel and Publigas gave individual guarantees to Fluxys in order to cover the uncertainty associated with the value of the border-to-border transmission activities acquired from Distrigas & C°, considering ongoing disputes concerning CREG's tariff decisions of May and June 2008, via which CREG was challenging the principle of the sanctity of contracts (with the exception of three out of 36 contracts). See also Specific information, p.61.

INSURANCE

The Fluxys Group assesses the likelihood of the main risks connected with its activities and estimates the potential financial impact they could have if they materialised. Depending on the possibilities and the market conditions, the Group mainly covers these risks via the insurance market. In some cases, risks are entirely or partially covered via self-insurance (by using a reinsurance company) or partially self-retained by applying appropriate deductibles.

Some provisions drawn up within the captive insurance company cannot be included in the Fluxys Group's consolidated accounts under the IFRS framework. Consequently, where a risk insured by such a captive company materialises, the cost of the claim will be booked to the financial period.

The comprehensive cover is at the very least in line with best practices in the field and includes the different areas in which risks may materialise:

- protection of facilities against various types of 'material damage' and in specific cases also additional cover for 'operating losses';
- protection against liability towards third parties by means of comprehensive, multi-level cover;
- staff programme: mandatory insurance cover (statutory insurance against work-related accidents) and staff healthcare programme.

3. SPECIFIC INFORMATION

3.1 STRUCTURE OF FLUXYS CAPITAL AT 31 DECEMBER 2009

Structure of Fluxys capital at 31 December 2009

Shareholder		Class	Number of shares	%
Publigas	Registered	B	351,307	51.47
	Dematerialised	D	10,334	
Electrabel	Registered	A	233,930	38.50
	Registered	D	36,600	
Public	Registered	D	195	
	Dematerialised	D	62,536	10.03
	Bearer	D	7,733	
Belgian State	Registered	Golden share	1	-
			702,636	

- Classification of shares:
- Class A: registered shares nos. 87,806 to 248,571, nos. 468,133 to 526,574 and nos. 570,517 to 585,238
- Class B: registered shares nos. 2 to 87,805, nos. 248,572 to 468,132 and nos. 526,575 to 570,516
- Class D: registered, dematerialised or, unless otherwise stipulated by law, bearer shares
- The Belgian State holds golden share no. 1, which does not fall into any of the above classes.
- Holders of class A and B shares are collectively called stable shareholders.
- Class D shares are quoted on the Second Market of NYSE Euronext Brussels.
- Electrabel is a limited company under Belgian law with its registered office established in Belgium at Boulevard du Régent 8, B-1000 Brussels.
- Publigas is a limited liability cooperative company established under Belgian law. Its registered office is established in Belgium at Galerie Ravenstein 4 (box 2), B-1000 Brussels.
- The Belgian State is represented by the Finance Minister.

3.2 CHANGES IN THE STRUCTURE OF FLUXYS CAPITAL IN 2009

PUBLIGAS BECOMES A MAJORITY SHAREHOLDER

In 27 May, SUEZ-Tractebel sold a 6.25% stake in Fluxys (43,902 shares) to Publigas. On the same day, Fluxys amended its Articles of Association pursuant to which, among other things, all category C shares held by SUEZ-Tractebel were reclassified as category A shares. All category A and C shares held by Publigas were then reclassified as category B shares and category C shares therefore no longer exist. Following the sale, SUEZ-Tractebel held 233,930 category A shares and 36,600 category D shares in Fluxys. Publigas held 351,307 category B shares and 10,334 category D shares. SUEZ-Tractebel's stake has therefore dropped from 44.75% to 38.50%. The stake held by Publigas has increased from 45.22% to 51.47%, making Publigas the majority shareholder in Fluxys.

On 21 December 2009, SUEZ-Tractebel sold its entire stake of 38.50% in Fluxys (233,930 category A shares and 36,600 category D shares) to its parent company Electrabel, a wholly owned subsidiary of GDF SUEZ.

NOTIFICATIONS OF MAJOR STAKEHOLDINGS IN FLUXYS

SUEZ-Tractebel – 27 August 2009. SUEZ-Tractebel officially notified the Belgian Banking, Finance and Insurance Commission on 27 August 2009 and in accordance with Article 74(8) of the Act of 1 April 2007 that it holds 38.5% of the shares with voting rights in Fluxys (270,530 shares of which 233,930 are class A and 36,600 are class D). The SUEZ-Tractebel notification is available on the Fluxys website: www.fluxys.com.

Publigas – 28 August 2009. Publigas officially notified the Belgian Banking, Finance and Insurance Commission on 28 August 2009 and in accordance with Article 74(8) of the Act of 1 April 2007 that it holds 51.47% of the shares with voting rights in Fluxys (361,641 shares of which 351,307 are class B and 10,334 are class D). The Publigas notification is available on the Fluxys website: www.fluxys.com.

SUEZ-Tractebel – 24 December 2009. SUEZ-Tractebel officially notified the Belgian Banking, Finance and Insurance Commission on 24 December 2009 and within the framework of transparency rules (Section II of the Act of 2 May 2007 and the Royal Decree of 14 February 2008) that it had sold to Electrabel 38.50% of its shares with voting rights in Fluxys (270,530 shares of which 233,930 are class A and 36,600 are class D). The SUEZ-Tractebel notification is available on the Fluxys website: www.fluxys.com.

3.3 CHANGES IN THE STRUCTURE OF FLUXYS CAPITAL AFTER CLOSING AT YEAR END

The Act of 10 September 2009 amending the Act of 12 April 1965 stipulates that producers and suppliers as well as their affiliated companies may not hold more than 24.99% of the capital or shares with voting rights in a transmission infrastructure operator. This new legal provision required Electrabel to sell at least 13.51% of its shares in Fluxys. The Act also stipulates that the Articles of Association of a transmission infrastructure operator and the relevant shareholders' agreements may not grant special rights to producers, suppliers or their affiliated companies.

At 31 December 2009, Electrabel still held a 38.5% stake in Fluxys. On 15 January 2010, Electrabel notified Fluxys that it had started a procedure to sell part or all of its shares in Fluxys. On Tuesday 23 March, GDF SUEZ and Publigas reached an agreement on the transfer of the participation Electrabel holds in Fluxys. After this transaction, the participation of Publigas in Fluxys will be brought to 89.97%, while GDF SUEZ will completely step out of the capital of Fluxys.

3.4 INTEGRATING ALL TRANSMISSION ACTIVITIES WITHIN FLUXYS

In 2009, Fluxys took various steps to integrate – as stipulated in the Act of 12 April 1965 concerning the transmission of gas and other products via pipelines – all border-to-border and domestic transmission activities within Fluxys as the sole natural gas transmission system operator.

Partial split-off of Fluxys & Co. On 8 May 2009, the Annual General Meeting of Fluxys & Co decided to transfer the company's activities involving the marketing of border-to-border transmission capacity and the associated cash to Fluxys Transit (a public limited company and recently established subsidiary of Fluxys) via a partial split-off.

Incorporation of Fluxys Transit and SEGEO into Fluxys SA. On 12 May 2009, SEGEO and Fluxys Transit were merged with Fluxys, without exception or reserve, with effect from 1 January 2009. SEGEO's assets essentially comprised the natural gas transmission infrastructure between 's-Gravenvoeren and Blaregnies, while those of Fluxys Transit consisted of capacity contracts for the transmission of natural gas through the Zeebrugge–Blaregnies (Troll) and Zeebrugge–Zelzate/Eynatten (RTR1) pipelines together with the associated cash.

3.5 ESTABLISHMENT OF FLUXYS EUROPE

On 10 December 2009, the public limited company Fluxys Europe was established, owned 99.9% by Fluxys and 0.1% by Flux Re. During the second half of 2010, Fluxys plans to transfer to Fluxys Europe, via a capital increase, the stakes it holds in Huberator, GMSL, Fluxys NL and APX.

3.6 GUARANTEE IN THE CONTEXT OF THE TAKEOVER OF DISTRIGAS & C°

Fluxys purchased Distrigas & C° from Distrigas on 1 July 2008. Distrigas & C° was responsible for marketing natural gas border-to-border transmission capacity in the Troll (Zeebrugge–Blaregnies) and RTR1 (Zeebrugge–Zelzate/Eynatten) pipelines. The acquisition was one of a number of commitments made to the European Commission in connection with the merger between GDF and SUEZ. At the time of this acquisition, SUEZ-Tractebel and Publigas gave individual guarantees to Fluxys in order to cover the uncertainty associated with the value of the border-to-border transmission activities acquired from Distrigas & C°, considering ongoing disputes concerning CREG's tariff decisions of May and June 2008, via which CREG was challenging the principle of the sanctity of contracts (with the exception of three out of 36 contracts).

On 18 December 2009, Fluxys and CREG concluded a tariff agreement. This agreement lead to a tariff proposal for 2010 and 2011, submitted by Fluxys, which CREG approved in a decision of 22 December 2009.

On 12 January 2010, SUEZ-Tractebel sent Fluxys a letter in which it stated that it would retain its rights as regards exercising the guarantee given to Fluxys at the time the latter acquired Distrigas & C° on the grounds that Fluxys alledgedly had failed to defend the principle of sanctity of contracts, considering CREG's decision of 22 December 2009.

Fluxys is challenging SUEZ-Tractebel's retention of its rights. It believes that the agreement of 18 December 2009 in no way affected or will affect the ultimate value to be attributed to Distrigas & C°'s border-to-border transmission activities.

In Fluxys' view, the agreement does not pertain to the application of the sanctity of contracts regime to historic border-to-border transmission contracts, as explicit reserves in this regard are made in the agreement.

3.7 VOTING RIGHTS AND SPECIAL POWERS

The Annual General Meeting represents all the shareholders, i.e. the holders of registered, dematerialised and bearer shares, irrespective of their share class. The Annual General Meeting has all the powers necessary to pass or approve deeds that are in the interest of the company. The valid decisions it makes shall be binding for all shareholders, even those who are not present or who do not agree with said decisions.

Each share entitles the holder to one vote. In compliance with the Royal Decree of 16 June 1994 (amended by the Acts of 29 April 1999 and 26 June 2002 and by the Royal Decrees of 16 June 1994 and 5 December 2002), and with the Articles of Association within which these provisions are incorporated, special rights shall be attributed to the golden share held by the Belgian State in Fluxys in addition to the ordinary rights attached to all other shares. Said special rights are exercised by the federal Energy Minister and, in brief, comprise the following:

- the right to oppose any transfer, assignment as a guarantee, or change in the purpose of Fluxys' strategic assets – a list of which is attached to the aforementioned Decree dated 16 June 1994 – if the minister considers that such an operation would adversely affect national interests in the field of energy;
- the right to appoint two representatives of the federal government in an advisory capacity to Fluxys' Board of Directors and Strategy Committee;
- the right of representatives of the federal government to appeal to the minister within four working days, on the basis of objective, non-discriminatory and transparent criteria (as defined in the Royal Decree of 5 December 2000) against any decision of Fluxys' Board of Directors or Strategy Committee (including the investment and activity plan and the associated budget) which in their view breaches national energy policy guidelines, including the government's national energy supply objectives. Such an appeal shall be suspensive. If the minister has not annulled the decision concerned within eight working days after this appeal, the decision shall become definitive;
- a special voting right in the event of deadlock at the Annual General Meeting concerning an issue affecting the objectives of the federal energy policy.

The special rights attached to the golden share held by the Belgian State are listed under Articles 11, 15, 18 and 22 of Fluxys' Articles of Association. These rights remain attached to the golden share for as long as it is held by the Belgian State and Articles 3 to 5 of the Royal Decree of 16 June1994 granting the state a golden Fluxys share or substituting provisions remain in force.

3.8 LIMITATIONS ON SHARE TRANSFERS SET BY LAW OR THE ARTICLES OF ASSOCIATION

The following share transfers are free:

- transfers of shares, subscription rights, ex-rights or independent rights enabling the purchase of shares (hereafter generally referred to as "securities") between a shareholder and companies associated with the shareholder as per the meaning detailed in the Belgian Company Code;
- transfers between shareholders of the same class;
- all transfers of class D securities.

In all other cases, any shareholder planning to transfer securities to another shareholder or a third party, in any manner whatsoever, shall give all other shareholders, with the exception of those of class D shares and the golden share, the option of a priority purchase (on a prorata basis of their shareholding) of the securities relating to the planned transfer, as per the procedures detailed below.

A shareholder planning to transfer shares must inform the company in writing, and requesting acknowledgement of receipt, a) of the number of shares he plans to sell, b) of the name of the prospective assignee(s) deemed to be of good faith and the price irrevocably offered by said assignee, and c) that the shares in question are being offered to shareholders, preferably under the same conditions. The Board of Directors shall inform the other shareholders of this offer in the same manner within two weeks. Every shareholder shall then have a sixty-day period, as from receipt of the aforesaid written notification, to inform the transferring shareholder and the company, in writing and requesting acknowledgement of receipt, whether or not he shall submit a bid and, if so, of the number of shares he wishes to acquire.

If requests exceed the number of shares offered for sale, the Board of Directors shall distribute the shares between the applicants on a prorata basis of the number of shares held by said applicants and up to the maximum number of shares stated in their request.

In the event that, upon the expiry of the aforementioned period of 60 days, no shareholders have indicated their intention to acquire the shares offered, or where the number of shares requested by the shareholders is less than the number of shares offered, the shareholder which indicated its intention to transfer shares in accordance with the provisions of this article shall be able to complete the planned transfer to the third party indicated in its notification and under the conditions indicated therein.

3.9 ISSUE OR BUY-BACK OF SHARES

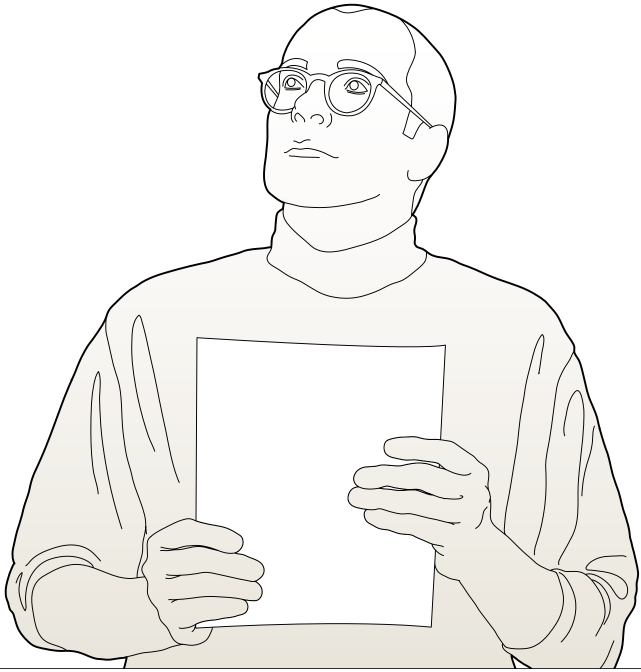
Fluxys' Articles of Association authorise its Annual General Meeting to decide whether to acquire its own shares according to the conditions set out in the Belgian Company Code. No decision has been taken by the Annual General Meeting in this regard. However, when the company acquires its own shares with a view to distributing them to its staff, no decision by the Annual General Meeting is required.

In the case of a capital increase, the shares for subscription in cash must be preferentially offered to shareholders, in proportion to the portion of the company's capital their shares represent. However, the Annual General Meeting may, in the interests of the company, limit or eliminate the right of preference in compliance with legal provisions.

3.10 SPECIAL PROVISIONS IN CONTRACTS IN THE EVENT OF A TAKEOVER BID*

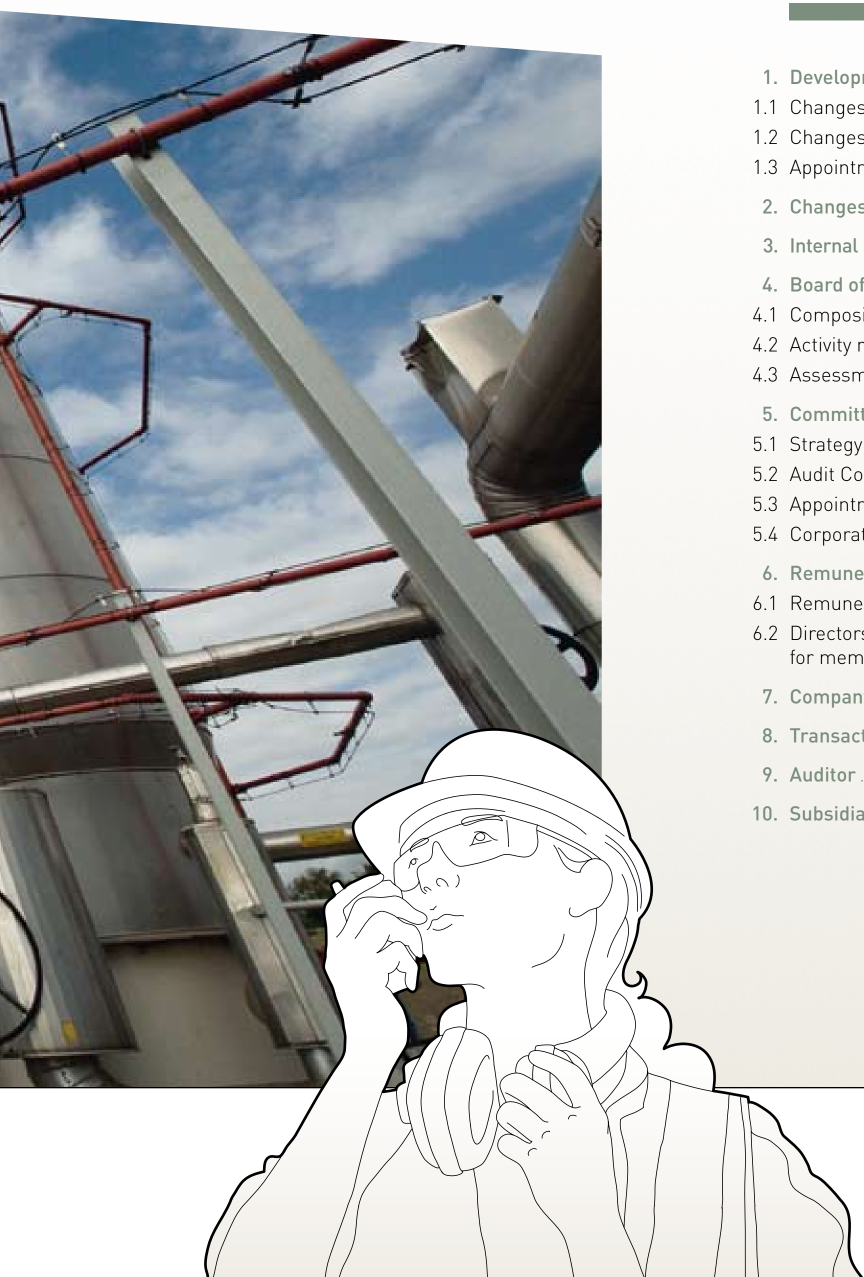
In the context of the construction and operation of the subsea BBL pipeline between Balgzand in the Netherlands and Bacton in the United Kingdom, Fluxys, Gasunie and E.ON Ruhrgas concluded agreements containing a change of control clause.

In addition, within the framework of acquiring a 10% stake in Interconnector UK Ltd, Fluxys signed a guarantee agreement with the European Investment Bank also containing provisions concerning a change of control clause.



** Stipulation of key agreements to which the issuing institution is party and which take effect, are amended or terminate in the event of a change of control vis-à-vis the issuing institution following a takeover, as cited in Article 34 of the Royal Decree of 14 November 2007.*

Fluxys enhances the underground storage capacity from 600 to 700 million cubic metres at the storage facility in Loenhout.



II. CORPORATE GOVERNANCE DECLARATION

1. DEVELOPMENTS IN 2009

In 2009, Fluxys altered the composition of its Board of Directors and advisory committees to reflect the company's new shareholder structure. The Group also now complies with the relevant new auditing requirements and has incorporated the recommendations contained in the new Belgian Corporate Governance Code into its various practices.

1.1 CHANGES IN THE SHAREHOLDING STRUCTURE

Majority stake held by Publigas and shareholders' agreement. On 27 May 2009, Publigas purchased a 6.25% stake in Fluxys from SUEZ-Tractebel, thereby increasing its overall stake to 51.47%. In so doing, Publigas gained a controlling stake in Fluxys while the stake held by SUEZ-Tractebel (GDF SUEZ Group) was reduced to 38.5%. On 21 December 2009, SUEZ-Tractebel sold its entire stake to its parent company Electrabel, a wholly owned subsidiary of GDF SUEZ. For further details see 'Notifications of major stakeholdings' in Fluxys, p.59.

In the context of this transfer of shares, the stable shareholders Publigas and SUEZ-Tractebel (GDF SUEZ Group) laid down, in an agreement, the terms and conditions of their collaboration on condition that the GDF SUEZ Group retain a stake of at least 24% in Fluxys. The salient terms of the agreement between the stable shareholders pertain to the composition of Fluxys' Board of Directors and advisory committees, appointment of a chairman following nomination by Publigas and abstention by SUEZ-Tractebel in decisions on certain specific issues (including the appointment of independent directors, the indicative investment programme and Fluxys' commitments within the framework of regulated activities).

Articles of Association. Fluxys' Articles of Association were amended on 27 May 2009 in a bid to ensure that they complied fully with the shareholders' agreement. Article 20 concerning external representation was also amended to take account of the Executive Board's authority to represent the Group. An amended version of the Articles of Association is available on the Fluxys website: www.fluxys.com.

Changes in the composition of the Board of Directors and advisory committees. Of the 24 members of the Board of Directors, 11 are nominated by Publigas and five by the GDF SUEZ Group. Eight must be independent directors under the terms of the Gas Act and at least four of these must be appointed by the Appointment and Remuneration Committee.

As a result, on the advice of the Appointment and Remuneration Committee, the Board of Directors has temporarily replaced Ms Griet Heyvaert and Messrs Chris De Groof and Marc Pannier by three directors nominated by Publigas: Ms Mireille Deziron and Messrs Josly Piette and Luc Zabeau. A definitive decision on the appointment of the latter three individuals will be taken at the Annual General Meeting to be held in May 2010.

Mr Daniel Termont, Chairman of Publigas, was appointed Chairman of the Board of Directors in place of Mr Jean-Pierre Hansen, who was appointed Vice-Chairman. Mr Jean-Pierre Hansen is Chairman of the Strategy Committee and Mr Monsieur Claude Grégoire Vice-Chairman.

The terms of office of independent directors Messrs André Farber and Philippe Wilmès and Ms Henriette Van Caenegem were confirmed on the advice of the Appointment and Remuneration Committee. These independent directors are considered independent directors appointed following nomination by the Appointment and Remuneration Committee.

On the Strategy Committee, Messrs Michel Van Hecke and Philippe Pivin were replaced by Messrs Walter Nonneman and Luc Hujoel. On the Audit Committee, Messrs Van Hecke and De Groof were replaced by Mr Farber and Ms Van Caenegem. On the Corporate Governance Committee, Messrs Wilmès and Termont were replaced by Ms Van Caenegem and Mr Luc Janssens. On the Appointment and Remuneration Committee, Ms Sophie Dutordoir was replaced by Mr Nonneman and Mr Wilmès was replaced by Mr Christian Viaene as Chairman.

1.2 CHANGES IN THE BELGIAN CORPORATE GOVERNANCE CODE

2009 Code. On 12 March 2009, the Belgian Corporate Governance Commission published the 2009 edition of the Belgian Corporate Governance Code. The 2009 Code replaces the previous version dating back to 2004. Fluxys follows the principles laid down in the Belgian Corporate Governance Code in full compliance with the relevant legal and regulatory provisions applicable specifically to "operators" and cited in Article 8 of the Gas Act of 12 April 1965.

Corporate Governance Charter. The Corporate Governance Charter was amended several times in 2009 (on 5 March, 3 June and 18 November), inter alia to comply with the shareholders' agreement and the Audit Act of 17 December 2008. Pursuant to the latter, at least one member of the Audit Committee must be independent and authorised to perform accounting and auditing tasks. An amended version of the Corporate Governance Charter is available on the Fluxys website: www.fluxys.com.

1.3 APPOINTMENT OF THE CHAIRMAN OF THE EXECUTIVE BOARD AND CEO

On 3 June 2009, the Board of Directors confirmed the appointment of Mr Walter Peeraer as Chairman of the Executive Board and CEO of Fluxys effective immediately. Following nomination by Publigas which was approved by the Appointment and Remuneration Committee, the Board of Directors passed a decision on 5 March 2009 supporting said nomination pending approval by CREG, which was subsequently received on 3 April 2009. The Board of Directors thanked Mr Gérard de Hemptinne for his work as Acting Chairman of the Executive Board since 19 January 2009.

2. CHANGES AFTER YEAR END

Changes in the composition of the Board of Directors. Mr Yves Colliou has resigned from the Board of Directors as of 10 March 2010. The Board of Directors provisionally appointed - on the proposition of the Appointment and remuneration committee - Mr Jean-Claude Depail as Director in replacement of Mr Yves Colliou as of 10 March 2010.

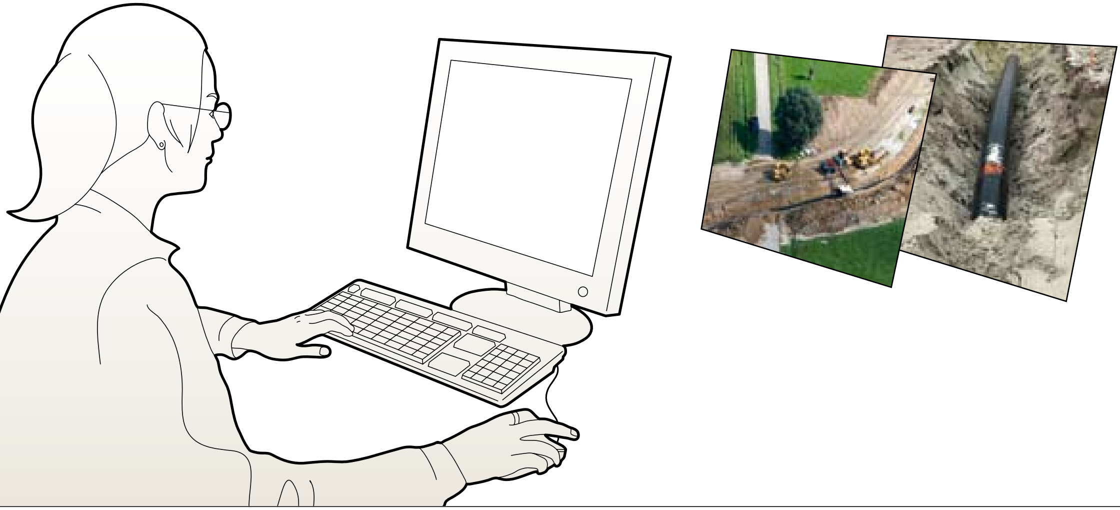
Shareholder structure. The Act of 10 September 2009 – published in the Belgian Official Gazette on 8 December 2009 – amending the Act of 12 April 1965 stipulates that as from 1 January 2010, producers and suppliers as well as their affiliated companies may not hold more than 24.99% of the capital or shares with voting rights in a transmission infrastructure operator. This new legal provision required Electrabel to sell at least 13.51% of its shares in Fluxys. The Act also stipulates that the Articles of Association of a transmission infrastructure operator and the relevant shareholders' agreements may not grant special rights to producers, suppliers or their affiliated companies.

At 31 December 2009, Electrabel still held a 38.5% in Fluxys. On 15 January 2010, Electrabel notified Fluxys that it had started a procedure to sell part or all of its shares in Fluxys. On Tuesday 23 March, GDF SUEZ and Publigas reached an agreement on the transfer of the participation Electrabel holds in Fluxys. After this transaction, the participation of Publigas in Fluxys will be brought to 89.97%, while GDF SUEZ will completely step out of the capital of Fluxys.

3. INTERNAL MONITORING AND RISK-MANAGEMENT SYSTEMS

Fluxys applies the COSO model as its reference framework for internal monitoring and risk management. The model is based on the company's values and goals and enables it to stipulate the level of risk it is willing to accept in relation to the goals it has set itself. In order to control such risks, the company is putting in place a range of strategic, operational, reporting and monitoring measures, including those intended to ensure compliance with the applicable legislation. These measures are detailed per field of activity and set out a policy, procedures, instructions and a periodic assessment of how the measures are being implemented.

In addition, internal and external audits are conducted as part of the cyclical plans to verify if the risks assumed by the company are correctly identified, managed and communicated. These audits are also designed to ascertain whether the measures mentioned above have actually been implemented. The internal and external audits assess how effective the company's internal-monitoring and risk-management measures are and the resulting recommendations are actioned by the company.



4. BOARD OF DIRECTORS

4.1 COMPOSITION OF THE BOARD OF DIRECTORS

Article 11 of the company's Articles of Association stipulates that the Board of Directors shall comprise 24 non-executive directors, excluding one or more government representatives. Of these members:

- five are appointed from candidates nominated by the GDF SUEZ Group (holder of class A shares), provided that said shares represent at least 24% of all shares;
- 11 are appointed from candidates nominated by Publigas (holder of class B shares), provided that said shares represent at least 45% of all shares.

In order to comply with the provisions of the Gas Act, at least:

- eight directors must be independent under the provisions of the Gas Act: of these, at least four must be nominated by Publigas (holder of class B shares) and four from candidates nominated by the Appointment and Remuneration Committee. These independent directors are chosen in part for their financial acumen and in part on account of their relevant technical expertise;
- eight directors must be of the opposite sex to the other members, of whom:
  - at least five to be selected from those nominated by Publigas (holders of class B shares); and
  - two to be selected from those nominated by the GDF SUEZ Group (holder of class A shares), provided that said shares represent at least 24% of all shares.

Half the directors must be fluent in French and the other half in Dutch.

In addition, the golden share grants the Minister the right to appoint two representatives of the federal government to the Board of Directors.

DIRECTORS

Daniel Termont *Chairman of the Board of Directors*

Daniel Termont is the Mayor of Ghent and Chairman of Publigas. He was appointed Director in May 1998 following nomination by Publigas and his current term of office expires at the Annual General Meeting to be held in May 2015.

Jean-Pierre Hansen *Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee*

Jean-Pierre Hansen, a civil engineering graduate, is a Director at Electrabel. He is also Deputy Chairman of the Electrabel Board of Directors, Chairman of the Electrabel Strategy Committee and a member of the GDF SUEZ Executive Committee. In addition, Jean-Pierre Hansen is a Director of SUEZ Energy Services, Agbar and CNP. He is a professor at the Catholic University of Louvain (UCL) and the École Polytechnique in Paris and is also a Director of the University of Liège. He was appointed Director in May 1992 following nomination by SUEZ-Tractebel and his current term of office expires at the Annual General Meeting to be held in May 2010.

Jacqueline Boucher *Director*

Jacqueline Boucher has a PhD in science and a degree in economics. She is the Executive Vice-President in charge of Economic Studies, Prices & Markets in the Energy Europe & International Business Line of GDF SUEZ. She was appointed Director in May 2006 following nomination by SUEZ-Tractebel and her current term of office expires at the Annual General Meeting in May 2012.

Yves Colliou *Director (until 9 March 2010)*

Yves Colliou graduated in engineering from the École Catholique des Arts et Métiers. He is the Executive Vice-President of GDF SUEZ in charge of the Infrastructures Business Line. He was appointed Director in March 2009 following nomination by SUEZ-Tractebel and his current term of office expires at the Annual General Meeting in May 2012.

Paul De fauw *Director*

Paul De fauw, who holds a degree in applied economics and commerce, is the Managing Director of the West Flanders Energy and Cable Company *(West-Vlaamse Energie- en Teledistributiemaatschappij, WVEM)* and CEO of INFRAX CVBA. He was appointed Director in December 2003 following nomination by Publigas. His current term of office expires at the Annual General Meeting in May 2014.

Chris De Groof *Director (until 27 May 2009)*

Christiaan De Groof holds an MBA, an MA in econometrics and a PhD in applied economics and is a professor at the University of Antwerp. He is in charge of Strategy and Sustainable Development on Electrabel's General Management Committee. He was appointed Director in May 2007 following nomination by SUEZ-Tractebel and stepped down as Director with effect from 27 May 2009.

Jean-Jacques Depail *Director (since 10 March 2010)*

Jean-Claude Depail holds a degree in engineering at ENSEM, a master's degree in physical sciences and a master's degree in economics. He is Member of the Executive Committee of GDF SUEZ and is in charge of the Infrastructures business line. He was appointed Director in May 2010 on the proposal of Electrabel and his current term of office expires at the Annual General Meeting in May 2012.

Mireille Deziron *Director (since 3 June 2009)*

Mireille Deziron is CEO of Flanders' job center *Jobpunt Vlaanderen* and a member of the Board of Directors of the public psychiatric care center *Openbaar Psychiatrisch Zorgcentrum* in Geel. She is also a member of the commission for an efficient and effective governement *(Commissie Efficiënte en Effectieve overheid)*. She was appointed Director by the Board of Directors on 3 June 2009 following nomination by Publigas. Her current term of office expires at the Annual General Meeting in May 2015.

Julien Donfut *Director*

Julien Donfut has a degree in political sciences and is senior expert with ORES. He was appointed Director in November 2007 following nomination by Publigas and his current term of office expires at the Annual General Meeting in May 2010.

Sophie Dutordoir *Director (since 5 March 2009)*

Sophie Dutordoir has a degree in Romanic philology and has also studied economics, finance and taxation and general management (Fontainebleau). She was Chairman of the Executive Board and CEO of Fluxys until 19 January 2009. She was appointed Director in March 2009 following nomination by SUEZ-Tractebel and her current term of office expires at the Annual General Meeting in May 2012.

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

Claude Grégoire is a civil engineer and Chief Executive Officer of Socofe. He was appointed Director in October 1994 following nomination by Publigas. His current term of office expires at the Annual General Meeting in May 2012.

Griet Heyvaert *Director (until 27 May 2009)*

Griet Heyvaert has a degree in Romanic philology and economics. She is Public Affairs and Stakeholder Manager at Electrabel. She was appointed Director in June 2006 following nomination by SUEZ-Tractebel and stepped down as Director with effect from 27 May 2009.

Luc Hujoel *Director (since 12 May 2009)*

Luc Hujoel holds a Masters degree in economics and is director general of the intermunicipal company Sibelga and the operating company Brussels Network Operations. He was appointed Director in May 2009 following nomination by Publigas and his current term of office expires at the Annual General Meeting in May 2015.

Luc Janssens *Director*

Luc Janssens holds a degree in law and is a lawyer with Elegis – Huybrechts, Engels, Craen and partners in Antwerp. He is also the acting mayor of Kapellen. He was appointed Director in May 2008 following nomination by Publigas and his current term of office expires at the Annual General Meeting in May 2015.

Isabelle Kocher *Director (until 27 February 2009)*

Isabelle Kocher holds a degree from the *École Normale Supérieure*. She is General Manager of Lyonnaise des Eaux. She was appointed Director in May 2006 following nomination by SUEZ-Tractebel and stepped down as Director with effect from 27 February 2009.

Jacques Laurent *Director, Chairman of the Audit Committee*

Jacques Laurent is a civil engineer and director of several companies in the gas and nuclear sectors. He was appointed Director in May 1992 following nomination by SUEZ-Tractebel and his current term of office expires at the Annual General Meeting in May 2014.

Patrick Moenaert *Director*

Patrick Moenaert holds a degree in political and social sciences (sociology), is the Mayor of Bruges, Director of Publigas and Chairman of the intermunicipal company Finiwo. He was appointed Director in May 1998 following nomination by Publigas and his current term of office expires at the Annual General Meeting in May 2015.

Marc Pannier *Director (until 27 May 2009)*

Marc Pannier is a graduate of the École Supérieure de Commerce in Paris, the Institut d'Études Politiques in Paris and a former student of the École Nationale d'Administration. Until July 2009 he was Corporate Manager of Integration, Synergies and Performance at GDF SUEZ. Since then, he has been Executive Vice President Human Resources, Communications & Legal at GDF SUEZ Energie Europe and International. He was appointed Director in February 2007 following nomination by SUEZ-Tractebel and stepped down as Director with effect from 27 May 2009.

Walter Peeraer *Director (until 28 February 2009)*

Walter Peeraer is a law graduate. He was appointed Director in November 2001 following nomination by SUEZ-Tractebel and stepped down with effect from 28 February 2009. He was appointed Chairman of the Executive Board and CEO of Fluxys by the Board of Directors on 3 June 2009 following nomination by Publigas and approval from CREG.

Josly Piette *Director (since 3 June 2009)*

Josly Piette holds degrees in social labour science and economic and social politics. He is Mayor of Bassenge, Honorary General Secretary of the Confederation of Catholic Labour Unions *(Confédération des Syndicats Chrétiens)* and a Director of Socofe and Publigas. He was appointed Director by the Board of Directors on 3 June 2009 following nomination by Publigas. His current term of office expires at the Annual General Meeting in May 2014.

Philippe Pivin *Director (until 12 May 2009)*

Philippe Pivin, a law graduate, is the Mayor of Koekelberg and a member of the parliament of the Brussels Capital Region. He was appointed Director in February 2003 following nomination by Publigas and his term of office expired at the Annual General Meeting in May 2009.

Christian Viaene *Director, Chairman of the Appointment and Remuneration Committee*
Christian Viaene is a sales engineer and has a degree in applied economics. He is Managing Director of the Brussels intermunicipal gas and electricity companies and General Secretary of Publigas. He was appointed Director in March 2005 following nomination by Publigas. His current term of office expires at the Annual General Meeting in May 2015.

Luc Zabeau *Director*
Luc Zabeau is a sales engineer and holds a degree in commercial and financial sciences. He joined Sibelga in 2003 where he is currently Director of the Finance Department. He was appointed Director by the Board of Directors on 3 June 2009 following nomination by Publigas and his current term of office expires at the Annual General Meeting in May 2011.

Independent Directors under the provisions of the Gas Act:

Marianne Basecq *Director*
Marianne Basecq has a degree in business administration with additional training in public management. She is a General Advisor for the holding Socofe SA. She was appointed Independent Director in May 2007 following nomination by Publigas and her current term of office expires at the Annual General Meeting in May 2013.

Sophie Brouhon *Director*
Sophie Brouhon is a graduate in economics and management and is currently a member of the parliament of the Brussels Capital Region. She was appointed Independent Director in May 2007 following nomination by Publigas and her current term of office expires at the Annual General Meeting in May 2013.

Caroline De Padt *Director*
Caroline De Padt studied economics, modern languages and business administration and is active in the General Management Committee of the Social Statute for the Self-Employed *(Algemene Beheerscomité voor het Sociaal Statuut der Zelfstandigen)*. She was appointed Independent Director in May 2007 following nomination by Publigas and her current term of office expires at the Annual General Meeting in May 2013.

André Farber *Director, Chairman of the Corporate Governance Committee*

André Farber holds a PhD in applied economics and is a professor emeritus at the Free University of Brussels (ULB). He was appointed Director in December 2003 and Independent Director by the Extraordinary General Meeting of 14 January 2004. His term of office was confirmed by the Board of Directors following nomination by the Nomination and Remuneration Committee in May 2009. His current term of office expires at the Annual General Meeting in May 2014.

Monique Lievens *Director*

Monique Lievens holds a degree in economics and specialised in business economics. She is Human Resources Advisor at the National Bank of Belgium. She was appointed Independent Director in May 2007 following nomination by Publigas and her current term of office expires at the Annual General Meeting in May 2013.

Walter Nonneman *Director (since 12 May 2009)*

Walter Nonneman is Professor of Economics at the University of Antwerp, Chairman of the Associatie Universiteit & Hogescholen Antwerpen (AUHA) and a Director for several financial institutions and associations. He holds a PhD in applied economics from UFSIA and also studied at the Harvard Graduate School of Business Administration. Walter Nonneman was appointed Independent Director in May 2009 following nomination by the Appointment and Remuneration Committee and his current term of office expires at the Annual General Meeting in May 2015.

Henriette Van Caenegem *Director*

Henriette Van Caenegem holds a degree in law. After making a career as a company lawyer at UCB SA and Cytec Surface Specialties SA, she was Managing Director of the foundation against cancer *Stichting tegen Kanker* for two years. She went on to provide legal and contractual support for UGent TechTransfer, the technology transfer unit of the University of Ghent. She is currently Group General Counsel for the Tessenderlo Group, a chemicals multinational headquartered in Belgium. Her term of office was confirmed by the Board of Directors following nomination by the Nomination and Remuneration Committee in May 2009. Her current term of office expires at the Annual General Meeting in May 2012.

Michel Van Hecke *Director (until 12 May 2009)*

Michel Van Hecke holds a PhD in economics and is a company director and professor emeritus. He was appointed Director in September 1981 following nomination by the Société nationale d'investissement/Nationale Investeringsmaatschappij and Independent Director by the Extraordinary General Meeting of 14 January 2004. His term of office expired at the Annual General Meeting on 12 May 2009.

Philippe Wilmès *Director*

Philippe Wilmès holds a PhD in law, a PhD in applied economics, is Managing Director of the Belgian Corporation for International Investment and Honorary Regent of the National Bank of Belgium. He is also director of various other companies. He was appointed Director in December 2003 and Independent Director by the Annual General Meeting on 14 January 2004, the latter appointment being confirmed by the Board of Directors until the end of his term following nomination by the Appointment and Remuneration Committee in May 2009. His current term of office expires at the Annual General Meeting in May 2011.

FEDERAL GOVERNMENT REPRESENTATIVE

François Fontaine *Federal government representative*

François Fontaine holds degrees in law and tax law and is currently a general advisor with Société Fédérale de Participations et d'Investissement/Nationale Investeringsmaatschappij. He was appointed federal government representative by the Minister on 4 February 2009 with the specific responsibilities detailed in the Acts of 26 June 2002 and 29 April 1999 and in the Royal Decrees of 16 June 1994 and 5 December 2000.

PRESENCE OF THE CHAIRMAN OF THE EXECUTIVE BOARD

The Chairman of the Executive Board is routinely invited to attend meetings of the Board of Directors:

- **Walter Peeraer** has been Chairman of the Executive Board and CEO since 3 June 2009.
- **Sophie Dutordoir** was Chairman of the Executive Board and CEO until 19 January 2009.
- From 19 January 2009 to 3 June 2009, **Gérard de Hemptinne**, a member of the Executive Board, served as Acting Chairman of the Executive Board.

SECRETARIAT

Bérénice Crabs acted as secretary to the Board of Directors until 31 December 2009. **Nicolas Daubies** took over this role on 1 January 2010.

4.2 ACTIVITY REPORT

ISSUES EXAMINED

The following main matters were discussed:

- appointment of the Chairman of the Executive Board and CEO;
- Fluxys' strategy, including international developments;
- the 2009 budget;
- the ten-year investment programme;
- preparation of the company's annual and half-yearly accounts and those of its subsidiaries, as well as associated press releases;
- drafting the annual financial report for the financial year 2008 and the half-yearly financial report as at 30 June 2009;
- drafting the interim statements released on 13 May and 19 November 2009;
- projects and research into projects related to continuing to develop the Group's activities in Belgium and North-Western Europe, including:
  - the RTR2 project to boost east/west transmission capacity;
  - the north/south natural gas transmission project;
  - the 10% stake in Interconnector;
  - regasification of LNG using an open rack vaporiser at the Zeebrugge LNG terminal;
  - the second capacity enhancement of the Zeebrugge LNG terminal;
  - the Mitteleuropäische Transversale (MET) project;
  - the market consultation on additional transmission to Luxembourg.
- changes in the legal and regulatory framework, including:
  - the various steps in the tariff agreement with CREG and monitoring those steps;
  - keeping abreast of developments in disputes and action brought in order to safeguard the company's interests;
  - the European Recovery Plan and the Third Energy Package;
  - review by CREG of the Code of Conduct;
  - monitoring the Act of 10 September 2009;

- the outcome of the case surrounding the Ghislenghien accident;
- the proposal concerning merger operations with SEGEO and Fluxys Transit;
- convening the ordinary Annual General Meeting and extraordinary general meetings;
- tabling amendments to the Articles of Association;
- amendments to the Corporate Governance Charter;
- examination of reports by the Strategy Committee, the Audit Committee, the Appointment and Remuneration;
- Committee and the Corporate Governance Committee;
- remuneration of the Chairman and members of the Executive Board;
- approval of major works and supply orders.

FREQUENCY OF MEETINGS AND ATTENDANCE LEVELS

The Board of Directors held four ordinary meetings and nine extraordinary meetings in 2009. On one occasion in 2009 (9 February), the Board was required to take a unanimous decision, votes to be cast in writing, pursuant to Article 521 of the Company Code and Article 15 of Fluxys' Articles of Association.

Director attendance at Board meetings was as follows:

Attendance	
Daniel Termont	12 out of 13 meetings
Jean-Pierre Hansen	10 out of 13 meetings
Marianne Basecq	12 out of 13 meetings
Jacqueline Boucher	5 out of 13 meetings
Sophie Brouhon	9 out of 13 meetings
Yves Colliou	4 out of 10 meetings
Paul De fauw	5 out of 13 meetings
Christiaan De Groof	3 out of 8 meetings
Caroline De Padt	6 out of 13 meetings
Mireille Deziron	4 out of 6 meetings
Julien Donfut	9 out of 13 meetings
Sophie Dutordoir	6 out of 10 meetings

André Farber	6 out of 13 meetings
Claude Grégoire	11 out of 13 meetings
Griet Heyvaert	7 out of 8 meetings
Luc Hujoel	4 out of 7 meetings
Luc Janssens	13 out of 13 meetings
Isabelle Kocher	0 out of 2 meetings
Jacques Laurent	11 out of 13 meetings
Monique Lievens	13 out of 13 meetings
Patrick Moenaert	13 out of 13 meetings
Walter Nonneman	4 out of 7 meetings
Marc Pannier	4 out of 8 meetings
Walter Peeraer	2 out of 2 meetings
Josly Piette	4 out of 6 meetings
Philippe Pivin	3 out of 6 meetings
Henriette Van Caenegem	7 out of 13 meetings
Michel Van Hecke	5 out of 6 meetings
Christian Viaene	9 out of 13 meetings
Philippe Wilmès	9 out of 13 meetings
Luc Zabeau	6 out of 6 meetings

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4.3 ASSESSMENT

The Corporate Governance Charter stipulates, inter alia, that the Board of Directors, under the leadership of its Chairman, must:

- examine and assess on an annual basis its own efficiency and that of its committees, in particular the role and tasks of the various committees;
- examine how it interacts with the Executive Board;
- regularly examine and assess the contribution made by each director, specifically within the framework of the re-appointment process.

The Board of Directors made the above an official process in 2009 through the distribution of evaluation forms via which to assess the Board as a whole, its members and its committees. Board members are each required to complete a form once a year and submit it to the Board.

The Corporate Governance Charter states that each advisory committee must review its internal rules of procedure and overall efficiency at least every two years. Committee assessments will be conducted during the second half of 2010.

5. COMMITTEES FORMED BY THE BOARD OF DIRECTORS

5.1 STRATEGY COMMITTEE

COMPOSITION OF THE STRATEGY COMMITTEE

In accordance with its internal rules of procedure, the Strategy Committee comprises nine non-executive directors, one third of whom must be classified as independent under the provisions of the Gas Act.

Chairman

Walter Peeraer (until 28 February 2009)
Jean-Pierre Hansen (since 5 March 2009)

Vice-Chairman

Claude Grégoire

Members

Sophie Brouhon*
Sophie Dutordoir (since 16 March 2009)
Jean-Pierre Hansen (until 5 March 2009)
Luc Hujoel (since 3 June 2009)
Jacques Laurent
Patrick Moenaert
Walter Nonneman (since 3 June 2009)
Philippe Pivin (until 12 May 2009)
Michel Van Hecke* (until 12 May 2009)
Philippe Wilmès*

** Independent directors under the provisions of the Gas Act (Act of 12 April 1965 concerning the natural gas market, as later amended), as provided for in the Corporate Governance Charter.*

Federal government representative acting in an advisory capacity

François Fontaine (since 4 February 2009)

Invited in an advisory capacity

Walter Peeraer, Chairman of the Executive Board and CEO (since 3 June 2009)

Sophie Dutordoir, Chairman of the Executive Board and CEO (until 19 January 2009)

Gérard de Hemptinne, member of the Executive Board, Acting Chairman of the Executive Board (between 19 January 2009 and 3 June 2009)

Daniel Termont, Chairman of the Board of Directors

Secretariat

Bérénice Crabs acted as secretary to the Strategy Committee until 31 December 2009. **Nicolas Daubies** took over this role on 1 January 2010.

ISSUES EXAMINED

The Strategy Committee was set up within the Board of Directors in accordance with Article 18.3 of the Articles of Association. It has no decision-making powers but is responsible for preparing proposals of decisions to be submitted to the Board of Directors for approval in accordance with the applicable legal, regulatory and statutory provisions. Within this framework, the Strategy Committee also monitors implementation of the Board's decisions.

In 2009, the Strategy Committee addressed the following issues:

- Fluxys' strategy, including international developments;
- projects and research into projects related to continuing to develop the Group's activities in Belgium and North-Western Europe; including:
  - the RTR2 project to boost east/west transmission capacity;
  - the north/south natural gas transmission project;
  - the Mitteleuropäische Transversale (MET) project;
  - booking of additional capacity for Luxembourg.
- changes in the legal and regulatory framework, including:
  - the various steps in the tariff agreement with CREG;
  - keeping abreast of developments in disputes and action brought in order to safeguard the company's interests;
  - the European Recovery Plan and the Third Energy Package;
  - the difficulties associated with obtaining permits;
  - review by CREG of the Code of Conduct.
- the ten-year investment programme;
- the budget for 2009 and 2010;
- HSEQ policy;
- the outcome of the case surrounding the Ghislenghien accident;
- the proposal concerning merger operations with SEGEO and Fluxys Transit;
- commercial activities and grid operation;
- the company's financial position.

FREQUENCY OF MEETINGS AND ATTENDANCE LEVELS

The Strategy Committee normally meets monthly, except in July and August. Additional meetings are convened as and when required in the company's interests. The Strategy Committee met eight times in 2009.

Director attendance at Strategy Committee meetings in 2009 was as follows:

Attendance	
Jean-Pierre Hansen	6 out of 8 meetings
Walter Peeraer	1 out of 1 meeting
Claude Grégoire	7 out of 8 meetings
Sophie Brouhon	5 out of 8 meetings
Sophie Dutordoir	5 out of 6 meetings
Luc Hujoel	2 out of 4 meetings
Jacques Laurent	6 out of 8 meetings
Patrick Moenaert	8 out of 8 meetings
Walter Nonneman	3 out of 4 meetings
Philippe Pivin	2 out of 4 meetings
Michel Van Hecke	3 out of 4 meetings
Philippe Wilmès	7 out of 8 meetings
Daniel Termont	6 out of 8 meetings

5.2 AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises six directors, at least two thirds of whom must be independent. At least one independent director has the required know-how in the field of accounting and auditing.

Chairman

Jacques Laurent

Members

Marianne Basecq*
Sophie Brouhon*
Paul De fauw
Chris De Groof (until 27 May 2009)
André Farber (since 3 June 2009)
Henriette Van Caenegem (since 3 June 2009)
Michel Van Hecke* (until 12 May 2009)

** Independent directors under the provisions of the Gas Act (Act of 12 April 1965 concerning the natural gas market, as later amended), as provided for in the Corporate Governance Charter.*

Accounting and auditing expertise of the members of the Audit Committee *

Jacques Laurent:

- graduate in civil engineering
- from 1988 to 1999 head of the Tractebel Group's Strategy and Control Department, where he was in charge of monitoring and reporting on consolidation accounts for the Board of Directors of the Tractebel Group. Also a member of various audit committees.

Marianne Basecq:

- graduate in business administration (commerce and management) from the University of Liège (ULG), majoring in finance; she subsequently undertook additional training in the consolidation of corporate accounts
- member of various audit committees.

Sophie Brouhon:

- graduate in economics and management
- head of the office of the Vice-President and Minister for Budget, Finance, Civil Service and Sport of the French Community of Belgium (i.e. the office exercising administrative and budgetary control for that Community).
- French Community Government Commissioner in charge of the control and audit of the public-utility institutions falling under the authority of the French Community.

Paul De fauw:

- graduate in applied economics and commerce from the Catholic University of Leuven (KUL)
- CFO of a distribution system operator for 15 years, CEO of the Flemish energy holding *Vlaamse Energieholding* (VEH) and member of audit committees and risk committees of various companies in the energy, telecommunications and cabling sectors for a number of years.

** Pursuant to the Act of 17 December 2008, at least one member of the Audit Committee must assume responsibility for the independence and expertise of accounting and auditing operations.*

Chris De Groof:

- holder of a PhD in applied economics, an MBA and an MA in econometrics
- holder of a whole range of financial positions between 1980 and 2000, providing assistance in the development of various audit activities.

André Farber:

- holder of a PhD in applied economics, professor emeritus at the Université Libre de Bruxelles
- university lecturer in finance for over 30 years. He is also a director and member of a bank audit committee. Formerly Accounting Director for the Brussels Free University (ULB).

Henriette Van Caenegem:

- holds a Master of Laws (LL.M. Cantab, Cambridge)
- as a corporate lawyer, risk-management was one of her key roles, while as General Counsel, first for UCB and currently from the Tessenderlo Group, she is well versed in the financial aspects of company management; risk-management is currently one of her main tasks.

Michel Van Hecke:

- graduate in commerce and holder of a PhD in economics. He studied accounting and balance sheet assessment for a number of years and has 25 years' experience in teaching corporate financing, for which a knowledge of accounting is needed;
- regular experience of performing financial analyses as part of his work as Vice-Chairman of the Société nationale d'Investissement/Nationale Investeringsmaatschappij.

Secretariat

Nicolas Daubies acts as secretary to the Audit Committee.

ISSUES EXAMINED

The Audit Committee was set up within the Board of Directors to assist the latter. In 2009, the Committee addressed the following main issues:

- the company's accounts as at 31 December 2008 and 30 June 2009 as well as associated press releases (financial part);
- the annual financial report for 2008 and the half-yearly report as at 30 June 2009;
- interim statements released on 13 May and 19 November;
- examination of the work of the auditor and renewal of the latter's term;
- accounts-related aspects of the split-off of Fluxys & Co and the takeover of SEGEO and Fluxys Transit;
- examining the internal monitoring and risk-management system;
- goals, planning and internal auditing activities in 2009;
- following up on the recommendations made in the wake of the internal audit in 2008;
- assessing the efficacy of the internal audit;
- analysing the risks to which the company is exposed;
- amendments to the internal audit charter;
- amendments to the Audit Committee's internal rules of procedure.

FREQUENCY OF MEETINGS AND ATTENDANCE LEVELS

The Audit Committee met seven times in 2009. Director attendance at Audit Committee meetings in 2009 was as follows:

Attendance	
Jacques Laurent	7 out of 7 meetings
Marianne Basecq	7 out of 7 meetings
Sophie Brouhon	3 out of 7 meetings
Paul De fauw	6 out of 7 meetings
Christiaan De Groof	2 out of 3 meetings
André Farber	3 out of 4 meetings
Henriette Van Caenegem	4 out of 4 meetings
Michel Van Hecke	2 out of 3 meetings

5.3 APPOINTMENT AND REMUNERATION COMMITTEE

COMPOSITION OF THE APPOINTMENT AND REMUNERATION COMMITTEE

The Appointment and Remuneration Committee comprises six directors, at least two thirds of whom must be independent.

Chairman

Christian Viaene (since 25 August 2009)

Philippe Wilmès* (until 25 August 2009)

Members

Marianne Basecq*

Sophie Brouhon*

Sophie Dutordoir (from 16 March 2009 to 3 June 2009)

Jean-Pierre Hansen

Walter Nonneman (since 3 June 2009)

Walter Peeraer (until 28 February 2009)

Christian Viaene (until 25 August 2009)

Philippe Wilmès (since 25 August 2009)

Secretariat

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

** Independent directors under the provisions of the Gas Act (Act of 12 April 1965 concerning the natural gas market, as later amended), as provided for in the Corporate Governance Charter.*

ISSUES EXAMINED

The Appointment and Remuneration Committee was set up within the Board of Directors to assist it in all matters concerning the appointment and remuneration of Directors and members of management.

In 2009, the Appointment and Remuneration Committee addressed the following main issues:

- the opinion on the appointment of the Chairman of the Executive Board and CEO;
- the opinion on the nomination of new directors;
- the opinion on the reappointment of directors whose terms of office had expired;
- the opinion on the confirmation of the terms of office of independent directors;
- the state of affairs regarding the targets set for the Chairman and members of the Executive Board;
- the recommendation on remuneration for the Chairman and members of the Executive Board.

FREQUENCY OF MEETINGS AND ATTENDANCE LEVELS

The Appointment and Remuneration Committee met seven times in 2009. Director attendance at Appointment and Remuneration Committee meetings was as follows:

Attendance	
Christian Viaene	6 out of 7 meetings
Philippe Wilmès	6 out of 7 meetings
Marianne Basecq	5 out of 7 meetings
Sophie Brouhon	5 out of 7 meetings
Sophie Dutordoir	3 out of 3 meetings
Jean-Pierre Hansen	4 out of 7 meetings
Walter Nonneman	2 out of 2 meetings
Walter Peeraer	0 out of 1 meeting

5.4 CORPORATE GOVERNANCE COMMITTEE

COMPOSITION OF THE CORPORATE GOVERNANCE COMMITTEE

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

Chairman

André Farber*

Members

Sophie Brouhon*

Caroline De Padt*

Luc Janssens (since 3 June 2009)

Jacques Laurent

Daniel Termont (until 3 June 2009)

Henriette Van Caenegem (since 3 June 2009)

Philippe Wilmès* (until 3 June 2009)

Secretariat

Nicolas Daubies acts as secretary to the Corporate Governance Committee.

** Independent directors under the provisions of the Gas Act (Act of 12 April 1965 concerning the natural gas market, as later amended), as provided for in the Corporate Governance Charter.*

ISSUES EXAMINED

The Corporate Governance Committee was set up within the Board of Directors in order to carry out the tasks conferred upon it by the Gas Act.

In 2009, the Corporate Governance Committee addressed the following main issues:

- preparation of the report submitted by the Committee to CREG in 2009;
- the opinion on the appointment of the Chairman of the Executive Board and CEO;
- the opinion on the appointment of an independent director.

FREQUENCY OF MEETINGS AND ATTENDANCE LEVELS

The Corporate Governance Committee met three times in 2009. Director attendance at Corporate Governance Committee meetings was as follows:

Attendance	
André Farber	3 out of 3 meetings
Sophie Brouhon	2 out of 3 meetings
Caroline De Padt	3 out of 3 meetings
Luc Janssens	0 out of 0 meeting *
Jacques Laurent	3 out of 3 meetings
Daniel Termont	2 out of 3 meetings
Henriette Van Caenegem	0 out of 0 meeting *
Philippe Wilmès	3 out of 3 meetings

** The Corporate Governance Committee did not meet following the appointment on 3 June of Mr Luc Janssens and Ms. Henriette Van Caenegem as members.*

6. REMUNERATION REPORT

The Board of Directors has approved the remuneration report.

6.1 REMUNERATION POLICY

The remuneration policy for directors and members of the Executive Board is approved by the Annual General Meeting, which rules pursuant to a proposal by the Board of Directors following a recommendation by the Appointment and Remuneration Committee. The agreed remuneration policy permits to determine the level of remuneration for directors and members of the Executive Board.

6.2 DIRECTORS' EMOLUMENTS AND REMUNERATION FOR MEMBERS OF THE EXECUTIVE BOARD

DIRECTORS' EMOLUMENTS

The Annual General Meeting sets the overall annual amount of remunerative emoluments for the office of director. Directors do not receive performance-related remuneration such as bonuses, long-term profit-sharing schemes or pension-plan benefits. The Board of Directors distributes the amount of overall remuneration between all directors on the basis of the workload their individual roles require within the company.

The Annual General Meeting decided to increase the total amount of gross remuneration for directors and government representatives to a maximum of €360,000 per year (subject to indexing) as from 1 January 2007, to be distributed by the Board of Directors among its members. It was also decided to pay out an attendance fee of €250 for each Board and Committee meeting. Of the aforementioned overall amount, the Board of Directors allocated the following:

- an index-linked share of €8,000 (as at 1 January 2006) for members of the Executive Board and government representatives, and an additional share for the Chairman of the Board;
- an additional half share for members of special committees (including for government representatives within the Strategy Committee and directors invited to attend committees in an advisory capacity) and the Chairman of the Strategy Committee.

Where directors serve for only part of a given year, their remuneration for that year is determined on a pro rata basis. Article 18.5 of the Articles of Association stipulates that the Board of Directors may grant special remuneration to a director taking on special tasks for the company. The Board of Directors paid out no such special remuneration during the financial year ending 31 December 2009.

Directors are not granted any company shares or share options.

For their work on the Board of Directors and on the various committees, the directors received the following emoluments and attendance fees:

Names	in euros
Daniel Termont	24,834.17
Marianne Basecq	23,342.92
Jacqueline Boucher (1)	9,921.46
Sophie Brouhon	32,264.38
Yves Colliou (1)	8,162.34
Paul De fauw	15,757.19
Chris De Groof (1)	6,531.92
Caroline De Padt	15,257.19
Mireille Deziron	6,006.45
Julien Donfut	10,921.46
Sophie Dutordoir (1)	15,069.94
André Farber	18,498.44
Claude Grégoire (2)	17,507.19
Jean-Pierre Hansen	29,613.05
Griet Heyvaert (1)	5,271.28
Luc Hujoel (3)	9,500.74
Luc Janssens	14,412.71
Isabelle Kocher (1)	1,389.35
Jacques Laurent	19,500.00
Monique Lievens	11,921.46

Patrick Moenaert	18,257.19
Walter Nonneman	12,741.99
Marc Pannier [(1)]	4,521.28
Walter Peeraer	4,533.25
Josly Piette [(2)]	6,006.45
Philippe Pivin	6,242.95
Henriette Van Caenegem	16,403.96
Michel Van Hecke	9,073.93
Christian Viaene [(4)]	16,757.20
Philippe Wilmès	25,687.41
Luc Zabeau [(3)]	6,506.45
Total	**422,415.70**

Federal government representative (attending meetings of the Board of Directors and the Strategy Committee in an advisory capacity): François Fontaine €14,535.52

REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD

On 18 November 2009 following a proposal by the Appointment and Remuneration Committee, the Board of Directors set the level of remuneration of the Chairman of the Executive Board for the financial year covered by the annual report. Following a proposal by the Chairman of the Executive Board, the Board of Directors also set the total remuneration for other members of the Executive Board. The remuneration granted to members of the Executive Board comprises basic remuneration, variable remuneration depending on whether certain targets set each year have been achieved, pension plans and other components.

The fixed and variable remuneration for the CEO and other members of the Executive Board is set in light of market benchmarking (based on a HAY study) and benchmarking with other system operators in Belgium.

Members of the Executive Board are not granted any company shares or share options.

(1) These Directors have retroceded their emoluments and attendance fees to SUEZ-Tractebel.
(2) These Directors have retroceded their emoluments and attendance fees to SOCOFE.
(3) These Directors have retroceded their emoluments and attendance fees to Interfin.
(4) Sir Christian Viaene has retroceded his emoluments and attendance fees to Sibelgas.

Members of the Executive Board are eligible for a pension plan which is administered in accordance with the rules applicable to companies in the gas and electricity sector (See Note 27: Provisions for staff benefits, p.246).

The extent to which members of the Executive Board have achieved the targets set is determined on the basis of performance indicators set each year in light of a stipulated long-term strategic plan. Both these targets and the performance indicators are compiled into a Balanced Score Card used to ascertain clearly the extent to which the targets have been achieved.

Remuneration received by the company's CEO in 2009

The remuneration received by **Walter Peeraer** in 2009 was as follows (for a period of seven months):

- Basic remuneration €199,881
- Variable remuneration €57,994
- Pension €101,891
- Other components * €1,284

The remuneration received by **Sophie Dutordoir** (Chairman of the Executive Board and CEO until 19 January 2009) in 2009 was as follows:

- Basic remuneration €19,227
- Variable remuneration €0
- Pension €9,668
- Other components * €170

Overall remuneration in 2009 received by other members of the company's Executive Board

- Basic remuneration €935,261
- Variable remuneration €248,681
- Pension €314,465

** including the cost of insurance cover and the monetary value of other benefits in kind*

7. COMPANY MANAGEMENT

The Executive Board is responsible for the operational management of the company.

Walter Peeraer is Chairman of the Executive board and Chief Executive Officer (since 3 June 2009). He is also in charge of Human Resources, Communication, Legal & Secretariat of the Board and Audit.

> **Sophie Dutordoir** *was Chairman of the Executive Board and Chief Executive Officer until 19 January 2009 and was also in charge of Human Resources, Communication & Secretariat of the Board, Legal and Public Affairs.*
>
> **Gérard de Hemptinne***, member of the Executive Board and Director Asset Management, was acting Chairman of the Executive Board (between 19 January 2009 and 3 June 2009), with responsibility for Human Resources, Communication & Secretariat of the Board, Legal and Public Affairs.*

Gérard de Hemptinne, member of the Executive Board and Director Asset Management.
Pascal De Buck, member of the Executive Board and Commercial Director. Also in charge of Public Affairs.
Paul Tummers, member of the Executive Board and Director Strategy and Regulatory Affairs.
Peter Verhaeghe, member of the Executive Board and Director Infrastructure Projects & Engineering.
Michel Vermout, member of the Executive Board and Chief Financial Officer.

Bérénice Crabs acts as secretary to the Executive Board.

In addition to the matters submitted to the Board of Directors (see p. 81), the Executive Board focussed on the following issues:

- commercial activities: services offered, relations and negotiations with users of natural gas transmission, natural gas storage and LNG services, means to increase market liquidity, purchases of natural gas for balancing, contacts with industrial customers connected to the Fluxys grid, distribution system operators and transmission system operators in neighbouring countries;
- business development: potential synergies and opportunities to cooperate with other grid operators in Europe, organisation of international market consultations;

- finance: annual and half-yearly financial results and interim statements, audit policy, drawing up and monitoring the budget, efficient cost management;
- regulation and legal framework: negotiations with CREG on tariffs, tariff agreement with CREG and tariff proposals, application to be a system operator, monitoring of regulation and the legal framework at Belgian and EU levels, code of conduct and monitoring of the petitions submitted at the Court of Appeal regarding CREG decisions;
- infrastructure and operations: grid safety (QSMS), monitoring peaks during winter time, investment projects, including follow-up on obtaining the required permits, storage policy, HSEQ, policy and results in relation to accidents at work, debriefing and lessons to be learned from incidents or near-incidents on the grid, monitoring of the Ghislenghien issue;
- organisation and human resources;
- the new obligations in terms of transparency in accordance with the new 2009 Corporate Governance Charter;
- powers;
- integration of SEGEO and Fluxys Transit and establishment of Fluxys Europe;
- the stake in Interconnector;
- monitoring activities of subsidiaries.

In accordance with its internal rules of procedure, the Executive Board is convened by the Chairman and, in principle, meets each week.

8. TRANSACTIONS AND OTHER CONTRACTUAL RELATIONS

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

This procedure is as follows:

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

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

Where a personal conflict of interests is present, the director or member of the Executive Board concerned must abstain from any discussion during that part of the meeting of the Board of Directors during which the matter in question is addressed and must also abstain from any voting, including by proxy, on said matter. Reasons for such an abstention must be stated in accordance with the terms of the Company Code.

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

The Board of Directors was not required to implement the above procedure during the financial year 2009.

9. AUDITOR

The mandate of SCRL Deloitte, Réviseurs d'entreprise, represented by Mr Jurgen Kesselaers, will end at the 2010 Annual General Meeting. The Annual General Meeting to be held in 2010 will therefore need to take a decision on whether or not to renew that mandate and on the annual emoluments for SCRL Deloitte, Réviseurs d'entreprise, represented by Mr Jurgen Kesselaers.

In 2009, Deloitte received emoluments totalling €160,286.92 from Fluxys for their work as the latter's auditor. Deloitte also performed various additional tasks worth a total of €27,909, that is €15,909 within the scope of the issuing of a bond loan, €7,000 for other auditing work and €5,000 for other tasks outside of the audit engagement.

10. SUBSIDIARIES

The Board of Directors supervises the progress of subsidiaries' activities at least twice a year when it examines the consolidated accounts (annual and half-yearly). The Board of Directors is also informed, as and when appropriate, of major events and important developments affecting subsidiaries.

Fluxys' compressor station at Zelzate came into operation in late 2008. In 2009 the finishing touch was added to the site.

III. ACTIVITY REPORT

1. LEGAL AND REGULATORY FRAMEWORK

1.1 TARIFFS

Tariff agreement with CREG. Fluxys and CREG have agreed new multiannual tariffs for transmission and storage of natural gas. These new tariffs took effect from 1 January 2010 and will remain in force until the end of the current regulatory period (late 2011). They are significantly lower than the tariffs applied in 2008 and 2009 and are among the lowest in Europe.

The new tariffs are based on an entry/exit model with a uniform tariff methodology for domestic and border-to-border transmission. The agreement also lays down storage tariffs as well as making provision for stable tariffs through to 2015 and incorporating the principle of tariff stability over the long term in view of Fluxys' extensive investment programme.

The agreement does not cover the appeals lodged by Fluxys and its subsidiaries still pending before the Court of Appeal in Brussels and the Council of State against CREG's decisions of 15 May and 16 June 2008 concerning historical border-to-border transmission contracts. The provisions set aside by Fluxys to cover the risk arising from these disputes and the guarantees obtained at the time of taking over Distrigas & C°'s border-to-border transmission activities in July 2008 are being retained pending a definitive ruling on the substance of the disputes.

New tariffs as from 1 January 2010. On 22 December 2009, CREG approved Fluxys' tariff proposal drawn up in accordance with the terms of the tariff agreement.

The new tariffs will enable Fluxys to fund its important investment programme (more than €1.7 billion over the next five years) by guaranteeing a fair return on capital invested. Fluxys has made provision, over the next five years, for €1.67 billion of investment in transmission, €64 million of investment in storage and €41 million of investment in LNG terminalling.

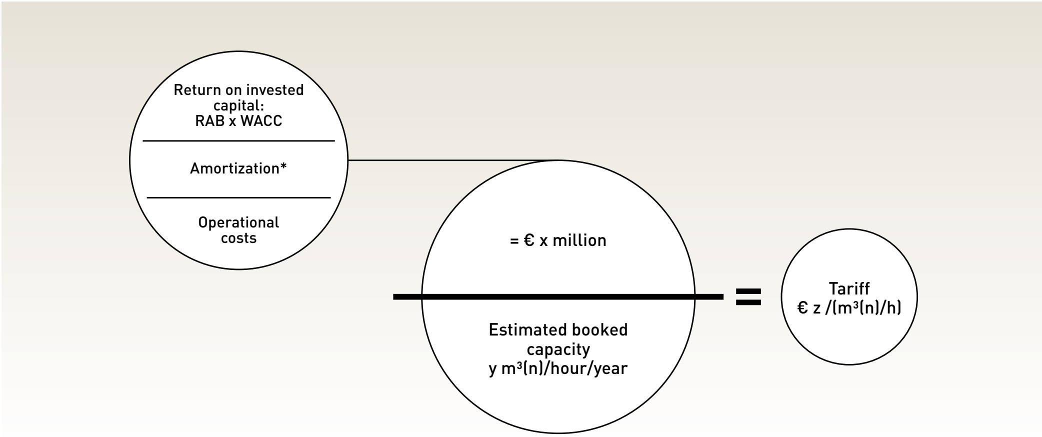
With regard to grid users relying on the sanctity of historical contracts, as from 1 January 2010 Fluxys invoices such customers at regulated tariffs subject to ex post correction depending on the definitive verdict by the Court of Appeal.

On 21 January 2010, four grid users lodged actions for annulment before the Brussels Court of Appeal against CREG's tariff decision. Two of those plaintiffs also lodged actions for suspension.

Regulated tariffs: costs and fair return. The regulated tariffs are based on the estimated costs that are allocated through approved distribution codes to the range of services offered by Fluxys and Fluxys LNG. These estimated costs include operating costs and depreciation on the regulated asset base (RAB) as approved by the Belgian federal regulator CREG.

In addition to costs, the tariffs also include a fair margin on the invested capital. This fair margin corresponds to the weighted average cost of capital (WACC) multiplied by the capital that has been invested in the regulated services, also called the regulated asset base (RAB).

Methodology used for regulated transmission tariffs

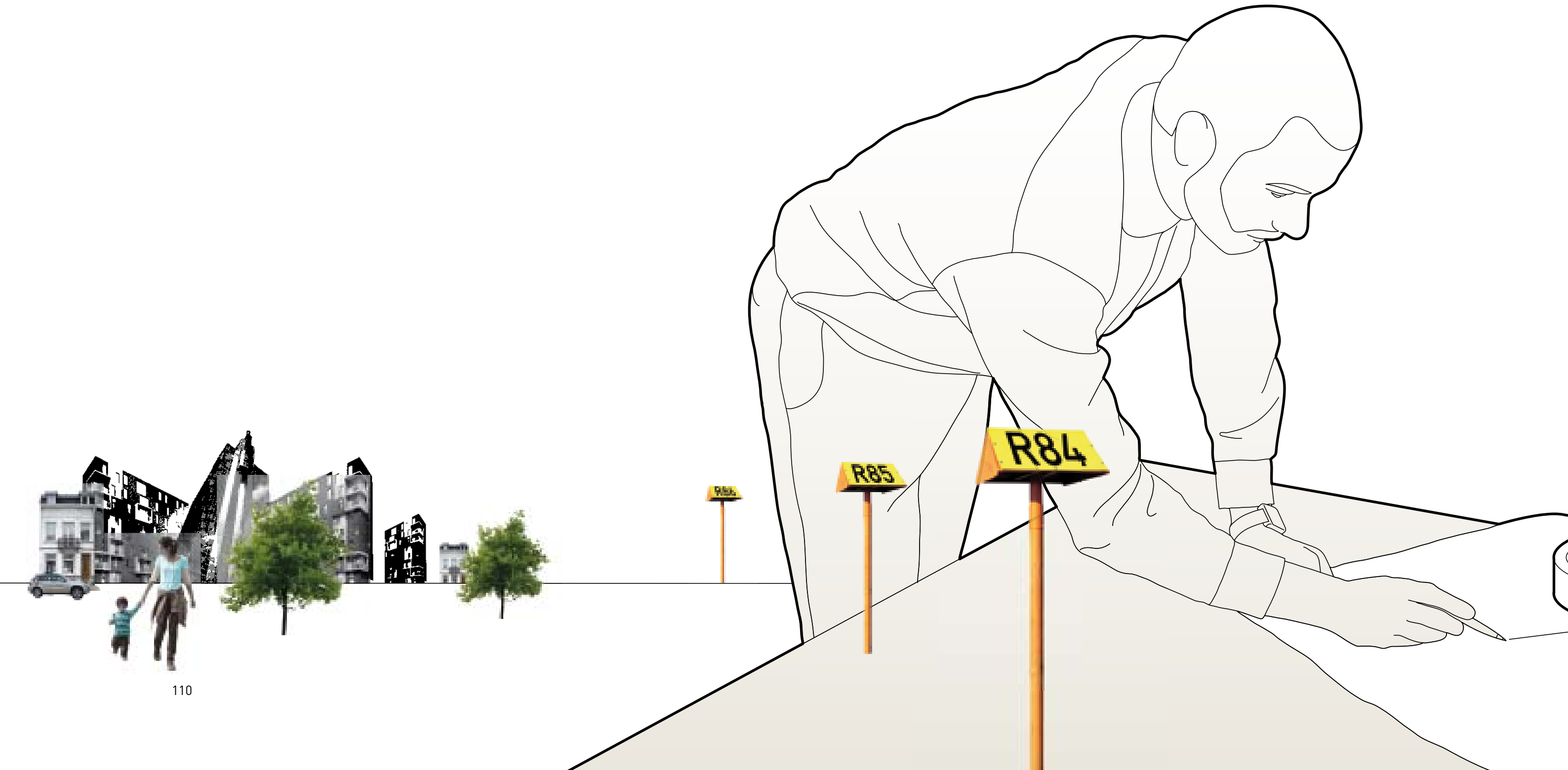


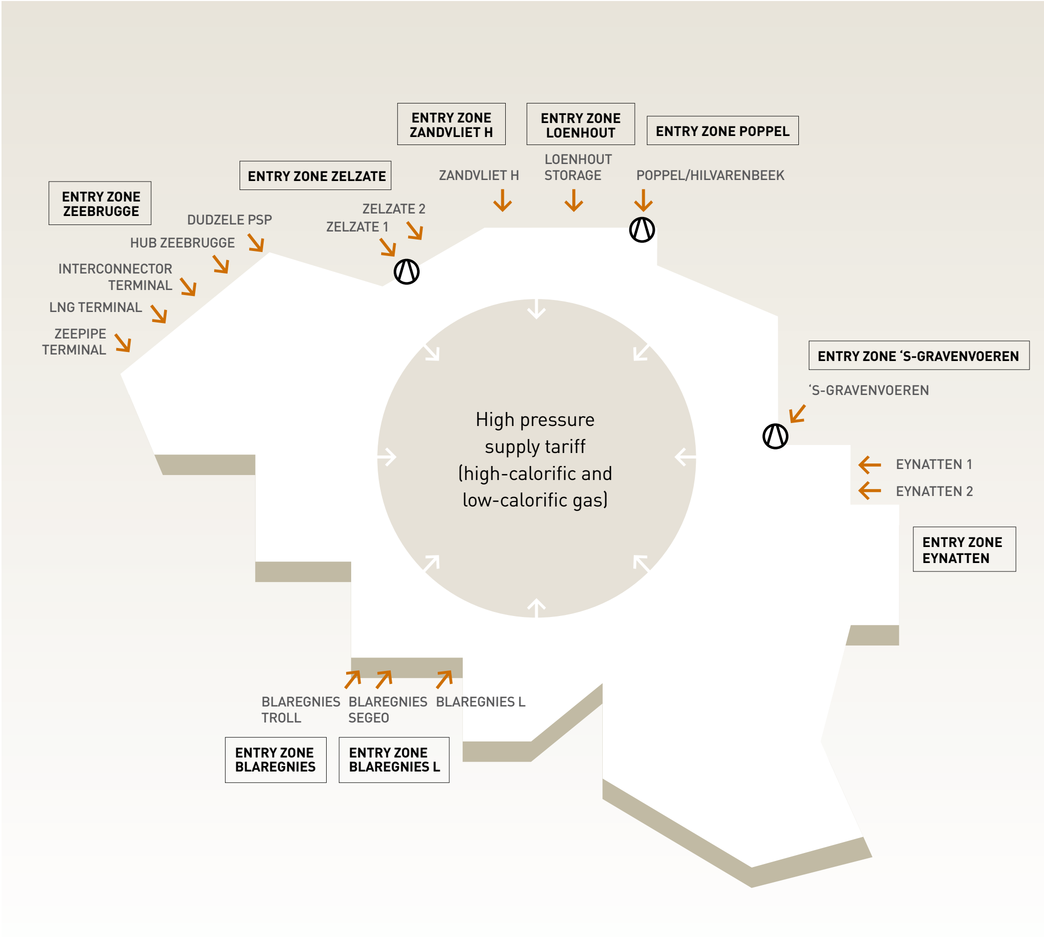
* With the exception of the depreciations calculated for the revalued part of the tangible fixed assets

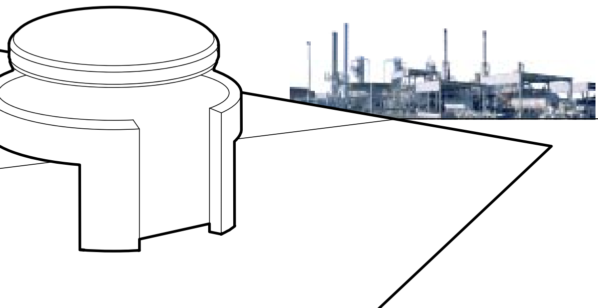
Tariff system transmission activity. An entry/exit tariff system is applied to the transmission activity since 1 January 2010. Grid users pay an entry tariff to deliver natural gas to the Fluxys grid and an exit tariff for the redelivery of the natural gas at an exit point.

Every grid user pays the same entry tariff for the use of a specific entry point. For some of the entry points an entry compression tariff is calculated in the entry tariff. This applies for entry points where pressurization of natural gas in a compressor station can be needed if the delivered pressure at the border is too low for smoothly operating the Fluxys grid.

Grid users wishing to deliver natural gas in Belgium pay, next to an entry tariff, a unique tariff for high pressure redelivery. That tariff is based on the legal obligation to use the equalisation principle. It is calculated using the average transmission distance for delivery in Belgium.



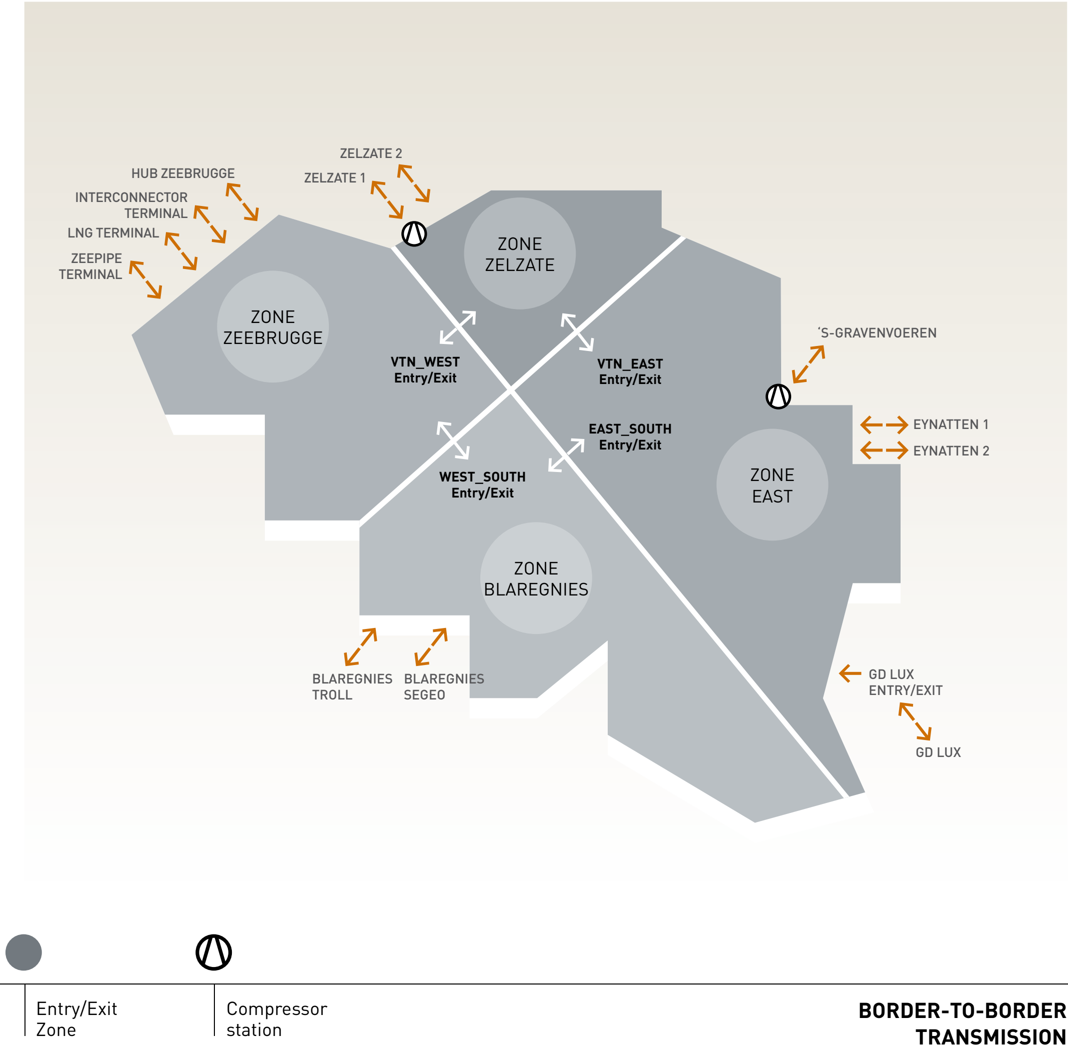




Compressor station

DOMESTIC TRANSMISSION

Grid users wishing to deliver natural gas at a border point for onward transmission through the grid of another grid operator pay, in addition to the entry tariff on the entry point, also a unique exit tariff on the exit point. Grid users crossing different zones in Belgium also pay an entry/exit tariff when using different zones. The entry/exit zones for the high calorific grid are represented as follows:



BORDER-TO-BORDER TRANSMISSION

1.2 IMPLEMENTING THE GAS ACT

Gas Act. The Second European Gas Directive was transposed into Belgian law in 2005. Accordingly, several changes have been made to the Gas Act and various provisions have been added afterwards. For Fluxys and Fluxys LNG, the Gas Act forms the underlying legal and regulatory framework governing transmission and storage of natural gas as well as LNG terminalling.

Appointment of system operator. The Gas Act implements the provision in the Second European Gas Directive to officially appoint one or more system operators. To be eligible for appointment, operators must meet a number of specific requirements relating to, among other things, corporate governance.

Following implementation of the Gas Act, Fluxys and Fluxys LNG were officially appointed operators under the non-definitive system in March 2006: Fluxys LNG was appointed operator for the LNG terminalling facilities and Fluxys for the natural gas transmission system and natural gas storage facilities.

A notice was published in the Belgian Official Gazette in February 2007 inviting applicant operators to submit applications to be appointed as operator under the definitive system (valid for a renewable 20-year term).

In May 2007, Fluxys submitted three applications to be appointed under the definitive system as operator of the natural gas transmission system, operator of natural gas storage facilities and operator of LNG terminalling facilities. No decision was taken at this stage and the Energy Minister subsequently published a fresh call for applications on 29 July 2009. Fluxys and Fluxys LNG submitted their applications on 29 October 2009 for appointment as natural gas transmission system operator and operator of natural gas storage facilities (Fluxys) and as operator of LNG terminalling facilities (Fluxys LNG). CREG and the Finance, Banking and Insurance Commission (CBFA) gave the Energy Minister favourable opinions on all three applications.

On 12 February 2010, the Council of Ministers appointed Fluxys as transmission system operator and operator of natural gas storage facilities and Fluxys LNG as operator of LNG facilities. The three ministerial decrees were published on 2 March 2010. Fluxys will take the necessary steps to ensure that it complies with the comments cited in the CREG and CBFA opinions by 30 May 2010, said comments pertaining primarily to compliance with the main requirements for independence introduced by the Act of 10 September 2009.

Code of Conduct. The Code of Conduct, which was approved by CREG in 2004, sets out the conditions for access to the natural gas infrastructure. These conditions are a set of operational and commercial rules that lay down the framework within which Fluxys and Fluxys LNG sign contracts with the users of the transmission, storage and LNG infrastructure.

Since 2006, CREG has organised several market consultations with a view to changing the existing Code of Conduct. The aim is to make the Code of Conduct applicable to border-to-border transmission and to update the principles governing domestic transmission, storage and LNG terminalling, bearing in mind the changes in the services offered.

Following consultation with Fluxys and Fluxys LNG, CREG submitted a proposal for a new Code of Conduct to the Energy Minister in September 2008. In 2009, the latter submitted the document to the Regions for consultation. Following discussions on the connection agreement for end customers (see p.125), minor amendments were made to the draft text of the Code of Conduct. The new Code of Conduct is to be approved by Royal Decree.

Clarifications on border-to-border transmission. The Act of 10 March 2009 clarifies the terms of the Gas Act as regards border-to-border natural gas transmission in the form of two provisions:

- creation of a new framework for regulated border-to-border transmission service;
- interpretation of the sanctity of contracts principle clarifying the scope of the sanctity regime for historical border-to-border transmission contracts.

On 29 September 2009, CREG lodged an appeal before the Constitutional Court seeking annulment of the provisions of the Act of 10 March 2009. On 8 October 2009, this particular Act was also the subject of an action for failure to fulfil obligations brought by the European Commission against the Belgian State.

In order to respond to the complaints raised in the context of the action for failure to fulfil obligations, the legal framework governing border-to-border transmission of natural gas is currently being amended. At its meeting held on 11 February 2010, the federal parliament voted on draft legislation amending the Gas Act. This draft legislation removes Article 15(5)(d) of the Gas Act, which draws a distinction between the tariff methodologies applied for border-to-border and domestic transmission of natural gas and as a result, a single methodology now applies to both services. The draft legislation also abolishes the sanctity of contracts principle as from transposition of the EU's Third Energy Package, at the latest by 3 March 2011. The interpretation of the sanctity of contracts principle as in the Act of 10 March 2009 is also abolished as from the entry into force of the draft legislation.

Shareholder structure. The Act of 10 September 2009 – published in the Belgian Official Gazette on 8 December 2009 – amending the Act of 12 April 1965 stipulates that as from 1 January 2010, producers and suppliers as well as their affiliated companies may not hold more than 24.99% of the capital or shares with voting rights in a transmission infrastructure operator. This new legal provision required Electrabel to sell at least 13.51% of its shares in Fluxys. The Act also stipulates that the Articles of Association of a transmission infrastructure operator and the relevant shareholders' agreements may not grant special rights to producers, suppliers or their affiliated companies.

At 31 December 2009, Electrabel still held a 38.5% stake in Fluxys. On 15 January 2010, Electrabel notified Fluxys that it had started a procedure to sell part or all of its shares in Fluxys. On Tuesday 23 March, GDF SUEZ and Publigas reached an agreement on the transfer of the participation Electrabel holds in Fluxys. After this transaction, the participation of Publigas in Fluxys will be brought to 89.97%, while GDF SUEZ will completely have withdrawn form the capital of Fluxys.

1.3 CHANGES IN EU LEGISLATION

THIRD PACKAGE OF LEGISLATIVE MEASURES

In August 2009, the Council of Ministers of the European Union published its Third Energy Package of legislative measures concerning the internal energy market. This package, which is due to enter into force on 3 March 2011, includes a new directive governing the gas sector, a new regulation on access to natural gas infrastructure and a regulation on the creation of the Agency for the Cooperation of Energy Regulators (ACER).

Third Gas Directive. The Third Gas Directive introduces a clearer separation between production and supply of natural gas and infrastructure management. Member States may choose from three systems for separating infrastructure management from production and supply of natural gas. In view of the company's current shareholder structure, Fluxys no longer belongs to a vertically integrated undertaking and as such Belgium must adopt the ownership unbundling model in transposing the Third Energy Package into national law.

Cooperation between regulators. The Third Energy Package also includes a regulation on the creation of the Agency for the Cooperation of Energy Regulators (ACER). ACER will be responsible for cross-border issues such as capacity allocation rules and international market consultations.

Access to natural gas infrastructure and cooperation between system operators. The Third Energy Package contains more detailed requirements in terms of tariffs, transparency and services offered than the 2005 regulation on access to natural gas infrastructure. It also requires cooperation between system operators as regards investments and capacity allocation. With this in mind, the regulation also makes provision for a European Network for Transmission System Operators for Gas (ENTSOG).

Creation of ENTSOG. On 1 December 2009, the European Network of Transmission System Operators for Gas (ENTSOG) was set up in line with the European Commission's Third Energy Package. Walter Peeraer sits on the ENTSOG Management Board.

Building on closer cooperation between system operators, ENTSOG aims to enhance border-to-border natural gas transmission and to boost trading in natural gas by, among other things, developing transmission infrastructure in a coordinated manner and harmonising network codes. ENTSOG will also draw up development plans for gas infrastructure in Europe and will publish annualy forecasts for the upcoming winter and summer.

DRAFT REGULATION ON SECURITY OF SUPPLY

In July 2009, the European Commission drafted a proposal to amend its 2004 directive on security of natural gas supply. The Commission felt that the latter was no longer adequate given the increased dependence on imports, the risks associated with border-to-border transmission in other countries, the rise in natural gas flows and the development of the European internal gas market. The proposals put forward could impact significantly on investment in the Fluxys grid.

The European Commission's proposal is multifaceted:

- assess the risks to EU supply and the suggestion that emergency plans and preventive action plans be established to manage the risks identified;
- establish a standard as regards infrastructure: if primary infrastructure fails, the remaining infrastructure must provide the capacity required to cover overall natural gas demand for a specified period;
- identify three distinct crisis levels and the approach to be adopted when coordinating, consulting and exchanging information in the event of a crisis;
- strengthen security of supply by investing in new infrastructure.

Through the European Economic Recovery Plan, the European Commission is seeking to boost investment and modernise European infrastructure. An amount of €4 billion has been earmarked for energy projects. The Commission made available a budget of €2.3 billion for trans-European projects such as LNG projects and projects to shore up interconnection between grids. In this context Fluxys has been granted by the Commission €35 million for the RTR2 project (see p.126) and €67 million for building the new north/south pipeline (see p.132).

EASEE-GAS

The European Association for the Streamlining of Energy Exchange-gas (EASEE-gas) was established in March 20002 in a bid to support development of an effective and efficient internal EU gas market by establishing a set of common business practices (CBPs) simplifying and streamlining the processes employed between natural gas companies.

In February 2009, EASEE-gas approved a review of three existing CBPs:

- gas quality harmonisation: the wording of this CBP was altered to clarify the situation for LNG terminals. The specification concerning oxygen is also amended;
- harmonisation of the nomination and matching process;
- the interconnection agreement.

The provisions concerning harmonisation of the nomination and matching process and the interconnection agreement now apply not only to Transmission System Operators (TSOs) but also to Storage System Operators (SSOs) and LNG Terminal Operators (LTOs) and thus have served to rationalise the procedures in question.

In July 2009, EASEE-gas approved a new CBP on harmonisation of the operation of gas contracts, the primary goal being to simplify and streamline day-to-day activities between market players to avoid mismatches among other things. As a result, it is now easier and less risky for new undertakings to access the natural gas market.

GAS REGIONAL INITIATIVES

In the spring of 2006, the European Regulators' Group for Electricity and Gas (ERGEG) set up the Gas Regional Initiatives, which aim to stimulate the development of regional natural gas markets as a launch pad for a single European energy market. The Gas Regional Initiatives promote cooperation between network operators, national regulators, grid users and other stakeholders. Fluxys contributes to the North-West Gas Regional Initiative (GRI North West), the members of which are Belgium, Denmark, Germany, France, the United Kingdom, the Netherlands, Ireland, Northern Ireland, Sweden and Norway (which has observer member status).

One key focus for GRI North West is transparency. In January 2009, Fluxys took a step forward as regards publication of operational market data by publishing on its website daily data on natural gas flows at the interconnection points. The operational data on the Fluxys website now feature the full range of information that is currently considered by GRI North West to be relevant for the market.

Next to operational data for interconnection points, Fluxys also publishes injection and sendout data as well as data on storage of natural gas for the Loenhout storage facility and the Zeebrugge peak-shaving facility. Fluxys offers these data on its own website and on the Gas Storage Europe (GSE) website. Fluxys is a member of GSE, which comprises 33 storage infrastructure operators operating approximately 110 storage sites in 16 countries in Europe. GSE is part of Gas Infrastructure Europe (GIE). Since 1 October 2009, the members of GSE have moved from publishing information weekly to daily.

CREATION OF THE GAS PLATFORM

The Gas Platform is a joint intergovernmental initiative between the governments of the Benelux countries, Germany and France in a bid to establish a regional gas market in North-Western Europe as an intermediate stage in moving towards a shared European gas market. The main purpose of the Gas Platform is to maintain and enhance security of supply and studies into the situation as regards security of supply have been launched in partnership with Gas Infrastructure Europe (GIE).

2. DEVELOPMENT OF FLUXYS' ACTIVITIES

The European natural gas market is developing into a unified entity through the interim stage of progressively integrating regional gas markets. Fluxys is keen to play a key role on the regional natural gas market in North-Western Europe in developing new infrastructure and new services for grid users in order to provide them with an efficient system to move natural gas flexible to their customers from any border point in the region.

Through this vision, Fluxys broadens its focus to the natural gas market in North-Western Europe. Its core activities obviously continue to be construction and operation of natural gas transmission infrastructure in Belgium. At the same time, however, the company is shoring up its cooperation with other transmission system operators in North-Western Europe in order to attract additional cross-border flows. Followint the same angle of approach, Fluxys also is acquiring stakes in existing infrastructure outside Belgium and is looking into the possibilities of joint investment with other transmission system operators in new projects in North-Western Europe.

2.1 DEVELOPMENTS ON THE EUROPEAN MARKET

Natural gas will continue to be a key component in the future energy mix. The prospects for changes in demand for natural gas in Europe vary considerably depending on the starting points adopted. Some scenarios are based on an unchanged energy policy and forecast that natural gas demand will increase to a greater of lesser degree. Others are based on specific policy goals seeking to reduce greenhouse gases, enhance energy efficiency and promote the use of renewable energy sources. These scenarios, in turn, show a future with various profiles of declining natural gas demand. However, whichever trend emerges, natural gas will continue to be a key component in the future energy mix.

Natural gas is the energy of choice from an enironmental point of view and natural gas technology offers significant advantages in terms of energy efficiency. Moreover, natural gas is to increase its importance as fuel for electricity generation in Europe (almost 30%) today, even in scenarios in which the focus is on using renewable energy sources as far as possible. Given that some renewable energy sources, such as wind power, can only generate electricity intermittently, back-up generation capacity needs to be made available, and natural gas-fired power stations are the only option when it comes to commissioning facilities relatively quickly.

Supply: drop in European production. In terms of supply, Norway is the only country in Europe where there is still room for an increase in natural gas production. Additional natural gas production in Norway would essentially serve to supply the United Kingdom, which has become a net importer of natural gas since 2004-2005 due to the declining reserves within the United Kingdom Continental Shelf. In addition, production on small Dutch gas fields is declining and production at the Groningen gas field is being capped.

Significant investment in transmission infrastructure required. To respond to the challenges triggered by shifting demand and supply patterns in Europe, greater volumes of natural gas will need to be imported from further afield and all indications are that Russia continues to develop itself as a key producer of natural gas for Europe.

Against this background, several new east-west natural gas pipelines are currently being laid. However, these new supply routes will not lead directly into the heart of Europe's end user markets and as such significant investment will be required downstream of these key axes to build the infrastructure needed to move the new flows through to end customers.

Europe will also need to continue to diversify is import portfolio with LNG from the Middle East, Africa and quite possibly, albeit to a lesser degree, from Latin America. Numerous projects are currently under way in Europe to construct new LNG terminals or extend existing facilities.

Fluxys broadens its vision. Spurred on by EU directives, national natural gas transmission markets are developing into larger scale regional entities. As such, Fluxys is keen to play a key role in current efforts to integrate the regional market in North-Western Europe by contributing to a high-performance transmission system enabling suppliers to move natural gas flexible to their customers from any border point in the region.

Although Belgium remains Fluxys' core market and Fluxys as transmission infrastructure operator being a public service provider, the company is also keen to invest in neighbouring areas if the latter is likely to attract additional flows of natural gas to Belgium, enhance security of supply and promote competition on the gas market. Such additional natural gas flows would consolidate Belgium's position as a crossroads and in so doing would also enhance security of supply and efficient market operation.

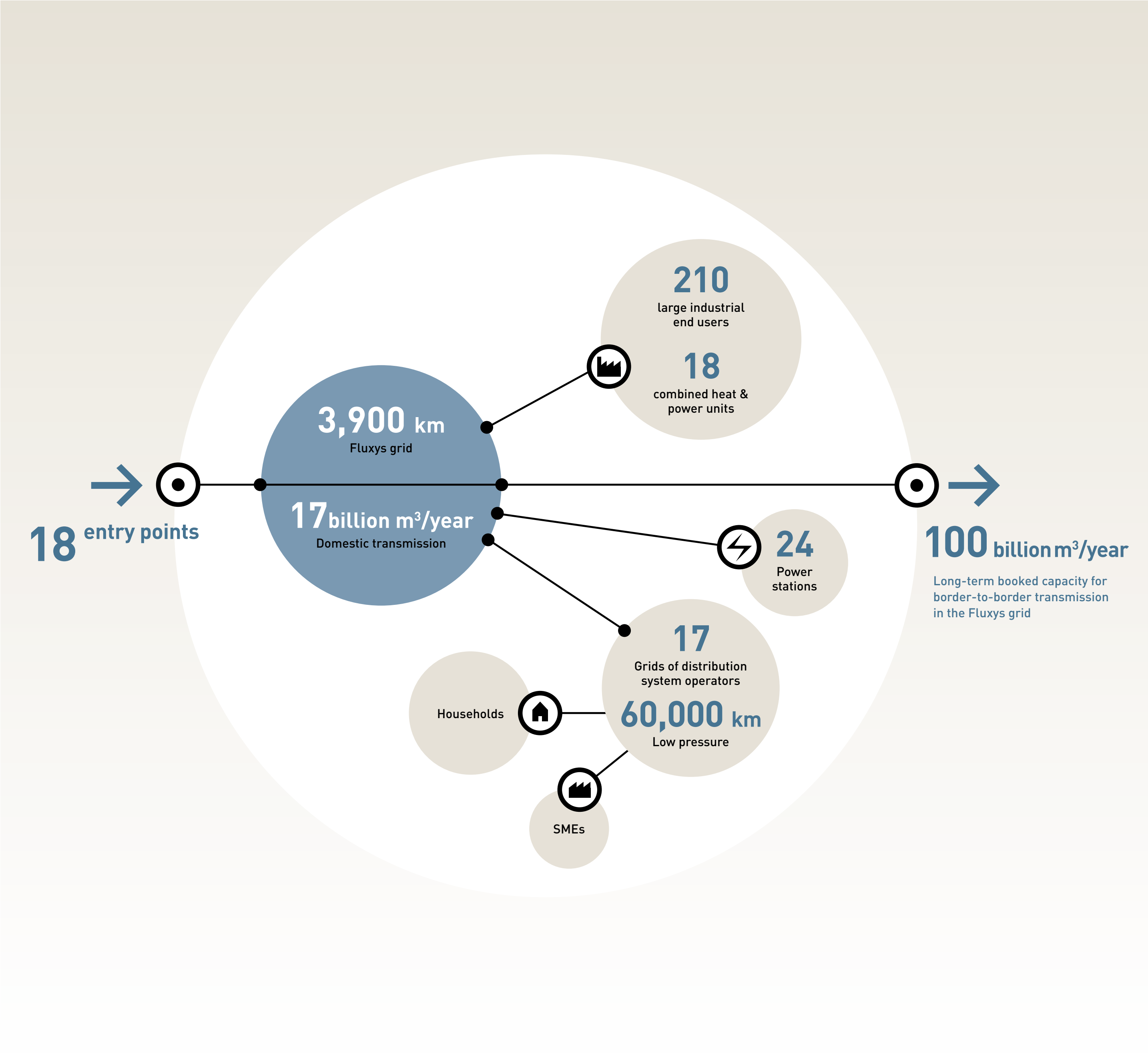
2.2 DEVELOPMENTS IN BELGIUM

TRANSMISSION

Fluxys' transmission activities comprise two types of services:

- services enabling grid users to supply customers on the Belgian market (delivery of natural gas to distribution system operators, major industrial companies and power stations);
- services enabling grid users to transport natural gas from border to border to supply customers elsewhere in North-Western Europe.

Number of transmission customers: evolution. As at 1 January 2010, 28 companies held a supply licence for domestic transmission. Of these, 13 had booked capacity in the Fluxys grid as compared with 12 at the end of 2008. The number of border-to-border customers remained stable at around 40.



18 entry points
3,900 km
Fluxys grid
17 billion m³/year
Domestic transmission
210
large industrial end users
18
combined heat & power units
24
Power stations
17
Grids of distribution system operators
60,000 km
Low pressure
Households
SMEs
100 billion m³/year
Long-term booked capacity for border-to-border transmission in the Fluxys grid

Offtake. Overall offtake of natural gas in 2009 remained virtually unchanged from 2008 and 2007 at 17.5 billion cubic metres. The economic crisis has prompted a significant drop in industrial customers' offtake volumes compared to previous years. In 2009, consumption by industrial companies directly connected to the Fluxys grid was down approximately 20% on 2007 and 15% on 2008. In July 2009, offtake volumes were still well below 2007 and 2008 levels but this trend reversed from August and in December 2009 consumption was up 11% on December 2008.

In 2009, offtake by power stations directly connected to the Fluxys grid was up 24% on 2007 and 25% on 2008. Especially the second half of 2009 registered considerable higher consumption levels compared to 2007 and 2008. For public distribution, offtake in 2009 was slightly higher than in 2007 and slightly lower than in 2008.

No problem handling the winter peak. Natural gas consumption on the Belgian market hit a record high of just under 100 million cubic metres on Friday, 8 January 2010. This was around 4% higher than the previous record of 6 January 2009. The required capacity was made available in the Fluxys system without recourse to installations for covering peak demand. Fluxys' infrastructure is designed to be able to cope with exceptionally harsh winter conditions, which typically occur every 50 years on average.

New approach for booking domestic transmission capacity. Working closely with CREG, Fluxys devised for its domestic transmission customers a new capacity-reservation approach: during a specified subscription period, a detailed outline of the medium- and long-term capacity customers wish to reserve is compiled, initially to arrive at a general overview of demand but ultimately to allocate available capacity in line with transparent criteria.

The advantage of this new apporach is that it enables current shippers to secure their position on the Belgian market while at the same time prospective shippers are provided access through a transparent and non-discriminatory process. Fluxys expects the process to provide adequate signals enabling the company to identify potential future congestion situations and to consider possible investments in infrastructure on a case by case basis.

New step in the publication of operational data. Since mid-January 2009, four types of information in relation to natural gas flows at interconnection points have been updated daily on the Fluxys website: day-ahead nominations, final nominations, provisional and final allocations, and interruptions on interruptible capacity.

The operational data published on the Fluxys website currently contain all information currently deemed to be relevant for the market by the North-West Gas Regional Initiative (see also Gas Regional Initiatives, p.119).

Extended offer of interruptible border-to-border transmission capacity. Given the success of interruptible border-to-border transmission services launched in 2008, Fluxys extended its offer in 2009 and introduced two levels of interruptible border-to-border transmission capacity. Level 1 has an indicative interruption probability of less than 5% while level N has an indicative interruption probability in excess of 5%.

New model for border-to-border transmission services. In January 2010, Fluxys introduced a new service model for border-to-border natural gas transmission. Pursuant to the new operational rules introduced, customers are able to use their reserved capacity according to the entry/exit model. The new approach gives them greater flexibility in how to employ their border-to-border capacity, enabling them to better seize commercial opportunities as and when they arise.

Connection agreement for end customers. The connection agreement formalises the contractual link between Fluxys and the companies directly connected to its grid. Following a market consultation organized by CREG on Fluxys' proposal for the agreement, CREG and Fluxys joined forces to establish a final version of the document. End users connected to the Fluxys grid received the new connection agreement in February 2010.

The main new features of the agreement are as follows:

- new liability system;
- allocation agreement for end users with more than one natural gas supplier: at the request of end users, an alternative procedure with a separate allocation agreement for each natural gas supplier is possible;
- agreement stipulating that end users' natural gas facilities must comply with connection procedures by no later than 1 January 2017.

Partial changeover from low-calorific to high-calorific natural gas. The Fluxys grid comprises two separate systems: one for transporting low-calorific natural gas from the Groningen gas field in the Netherlands and another for transporting high-calorific natural gas from Norway, Russia, the United Kingdom and LNG sources.

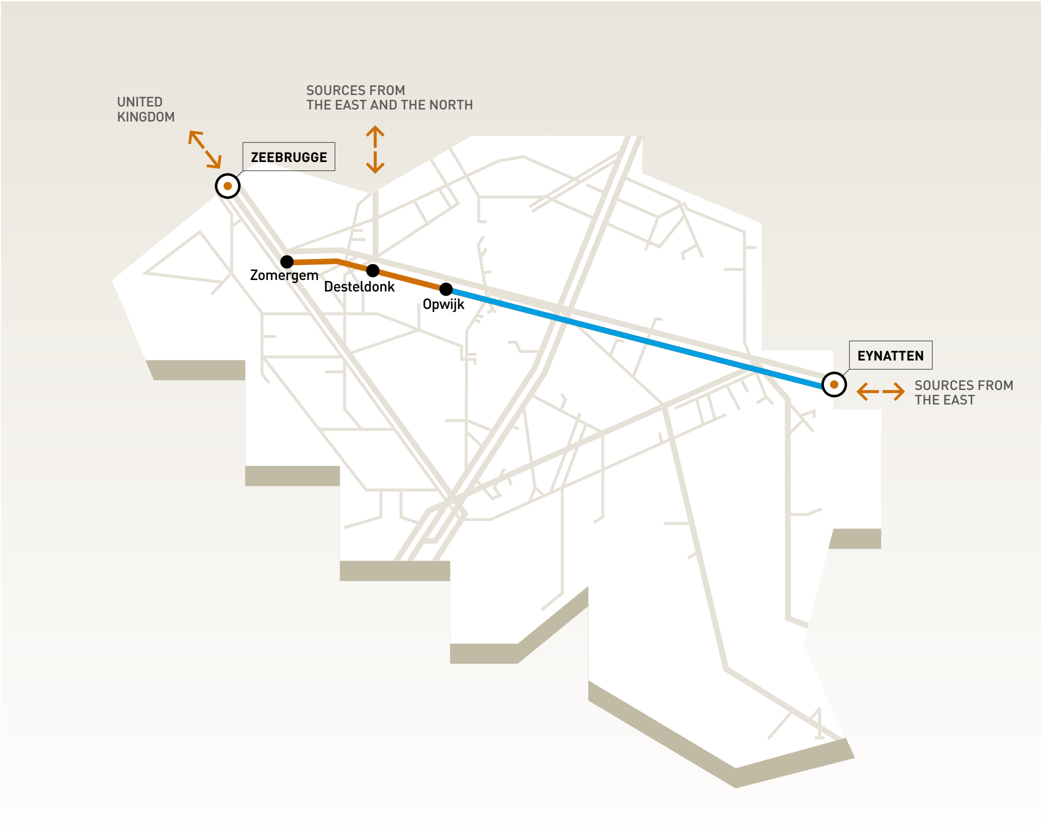
Future supply of low-calorific natural gas in Belgium is dependent, among other things, on changes in suppliers' purchase contracts and the remaining lifetime of the Groningen gas field in the Netherlands. Against this backdrop, the Federal Public Service Economy has set up a Task Force comprising Fluxys, distribution system operators, natural gas suppliers and the authorities. The Task Force's role is to establish the medium term security of supply outlook with regard to low-calorific natural gas in Belgium.

Based on the medium term outlook, various scenarios will be examined. One of the first conclusions of the Task Force is to proceed to the partial changeover from low-calorific to high-calorific natural gas in the province of Limburg. This shift will require multilayered investment and action involving Fluxys as well as distribution system operators, suppliers, grid users, regulators and system operators in neighbouring countries.

In view of the prolongation of contracts announced by the relevant suppliers on the Belgian market, there should be no need to continue with such a changeover in the medium term.

New east/west capacity. January 2010 saw the start of the RTR2 project. The project represents an investment of over €300 million and entails laying a second pipeline between Eynatten and Opwijk (170 km) alongside the existing RTR1 pipeline (Zeebrugge/Zelzate - Eynatten). Commissioning of the RTR2 pipeline is due to take place in stages from late 2010 onwards, subject to the necessary permits being obtained.

The RTR2 projects follows on from a market consultation launched by Fluxys back in June 2005 to assess interest in new capacity on the east-west axis running through Belgium. The consultation resulted in contracts being signed with 16 grid users representing 10 billion cubic metres of reserved capacity to or from Zeebrugge. In addition to shoring up transmission capacity for the Belgian market, the RTR2 project will also enhance border-to-border capacity and contribute considerably to strengthen security of supply in Belgium and North-Western Europe.



Interconnection point

Compressor station

NEW EAST/WEST CAPACITY

In response to market demand, Fluxys also plans to lay a second pipeline between Opwijk and Zomergem along the route of the existing RTR1 pipeline. In 2008 and 2009, Fluxys initiated the various procedures for obtaining permits to lay the pipeline. Procedures for obtaining permits for the Gent-Zeehaven section of the pipeline are already under way and Fluxys expects to lay this section of pipeline in 2010. Installation and commissioning of the remaining sections is scheduled for 2012-2013.

STORAGE

Fluxys offers storage services from its underground natural gas storage facility in Loenhout and its LNG storage at the peak-shaving facility in Zeebrugge. Under current legislation, existing storage capacity must be allocated as a priority to grid users delivering natural gas distribution system operators. There were six active users of Fluxys storage services in 2009.

Loenhout Storage: continuation of enhancement project. In 2007, Fluxys began work on enhancing the underground storage capacity in Loenhout. The objective is to gradually increase workable storage capacity by 15% from 600 to 700 million cubic metres over a period of four years (2008-2011). In addition, flexibility in storage utilisation will be boosted through increasing send-out and injection capacities. In 2009, the workable storage capacity available was increased from 625 to 650 million cubic metres of natural gas, with a further increase to 675 million cubic metres planned in 2010.

Research continues in Limburg. In 2009, Fluxys continued research into potential sites for underground natural gas storage in Limburg in collaboration with the Flemish Institute for Technological Research (VITO) and the Limburg Investment Company (LRM). In order to confirm subsoil characteristics in the area and to analyse the structures which might be used as a reservoir, Fluxys and VITO have decided to conduct an exploratory drilling in 2011.

New model for storage services. In April 2009, Fluxys introduced a new model for offering storage services. The new model provides more flexibility in the use of capacity and makes it easier for storage facility users to manage their own capacity.

New allocation rules for Loenhout storage. As from 15 April 2010, Fluxys will be introducing new allocation rules for its storage facility at Loenhout in order to adapt to rapid changes on the natural gas market. Capacity allocation is to be more closely linked to changes in storage users' natural gas portfolios.

New storage service: virtual storage. Fluxys developed a new storage service in 2009: virtual storage. This new service enables storage users to request storage, injection or sendout capacity almost instantaneously up to the maximum capacity available. The new service, which will be launched during the second quarter of 2010, will enable storage users to take advantage of fresh opportunities thanks to additional short-term storage availability. Shippers will not need to bother with the technical aspects of the service as all operational and physical constraints and complexities are to be managed by Fluxys. The virtual storage service is also designed to stimulate activity in the Zeebrugge area by making available easily accessible storage.

LNG TERMINALLING

Fluxys LNG provides LNG terminalling services at the Zeebrugge LNG terminal where LNG carriers are loaded and unloaded. The LNG is kept in cycling storage at the terminal before regasification and injection into the Fluxys transmission network or re-loading into LNG carriers.

High level of activity ay the LNG Terminal. The LNG terminal saw a particularly high level of activity in 2009, with 78 ships unloaded compared to 37 in 2008. The ships transported 4.83 million tonnes of LNG, equivalent to 6.3 billion cubic metres of natural gas. The majority of these 78 LNG ships were loaded at Ras Laffan in Qatar while others also arrived delivering LNG from Norway, Egypt, Nigeria and Trinidad & Tobago. Since commissioning of the terminal in 1987 and up to the end of 2009, a total of 1,127 LNG ships have been unloaded, which equates to a total volume of 63.6 million tonnes of LNG or 82.6 billion cubic metres of natural gas.

In 2009, 22 of the 78 LNG ships unloaded were new-generation Q-Flex LNG ships with a loading capacity of up to 217,000 m^3 of LNG. The LNG terminal is able to accommodate these larger LNG ships following dredging work by the Bruges port authorities during summer 2008.

In addition, four vessels were loaded with LNG at the terminal in 2009. Since this new service was launched in August 2008, a total of 10 LNG ships have berthed at the terminal for loading.

Spot deliveries. The entire capacity of the LNG terminal is subscribed through long-term contracts on the primary market. If slot scheduling for accepting LNG ships under long-term contracts leaves sufficient spacing, Fluxys creates additional berthing slots on the primary market. In 2009, 16 additional slots were created and made available.

Where LNG terminal users are unable to use the slots on the primary market reserved for them under their respective contracts, they must notify Fluxys in good time. Unused slots are then made available on the secondary market. In 2009, 17 slots were offered for sale on the secondary market.

Decision to build an open rack vaporiser. In March 2009, the Fluxys Board of Directors decided to move forward with extending the regasification facilities at the Zeebrugge LNG terminal and building an open rack vaporiser (ORV). An ORV uses heat from seawater to convert natural gas from its liquefied form to gaseous form and can be used to provide additional regasification capacity during periods of peak demand. See also Focus on energy efficiency, p.165.

Potential additional capacity enhancement. In 2007, Fluxys LNG launched an international market consultation to assess the level of interest in additional capacity at the terminal among other things. Several LNG players have expressed interest in services requiring an additional jetty. The latter could be built in the initial phase of the project while in a second phase additional storage and send-out capacity could be built.

Fluxys LNG has launched detailed studies into building a second jetty at the Zeebrugge LNG terminal to enable, among other things, berthing of LNG ships with regasification facilities on board. Against this backdrop, Exmar is willing to book long-term capacity with Fluxys LNG. Other market players have expressed interest in loading small LNG ships. The possibility of accommodating both vessels with on-board regasification facilities and small LNG ships would again broaden the range of services available at the Terminal.

Providing sufficient interest from the market, plans may be made for a second phase of the enhancement project. There are two possible scenarios at present: construction either of a fifth storage tank on the existing peninsula on which the LNG terminal is located, or of additional regasification and storage capacity requiring extension of the existing peninsula.

2.3 INTERNATIONAL DEVELOPMENTS

COOPERATION BETWEEN SYSTEM OPERATORS

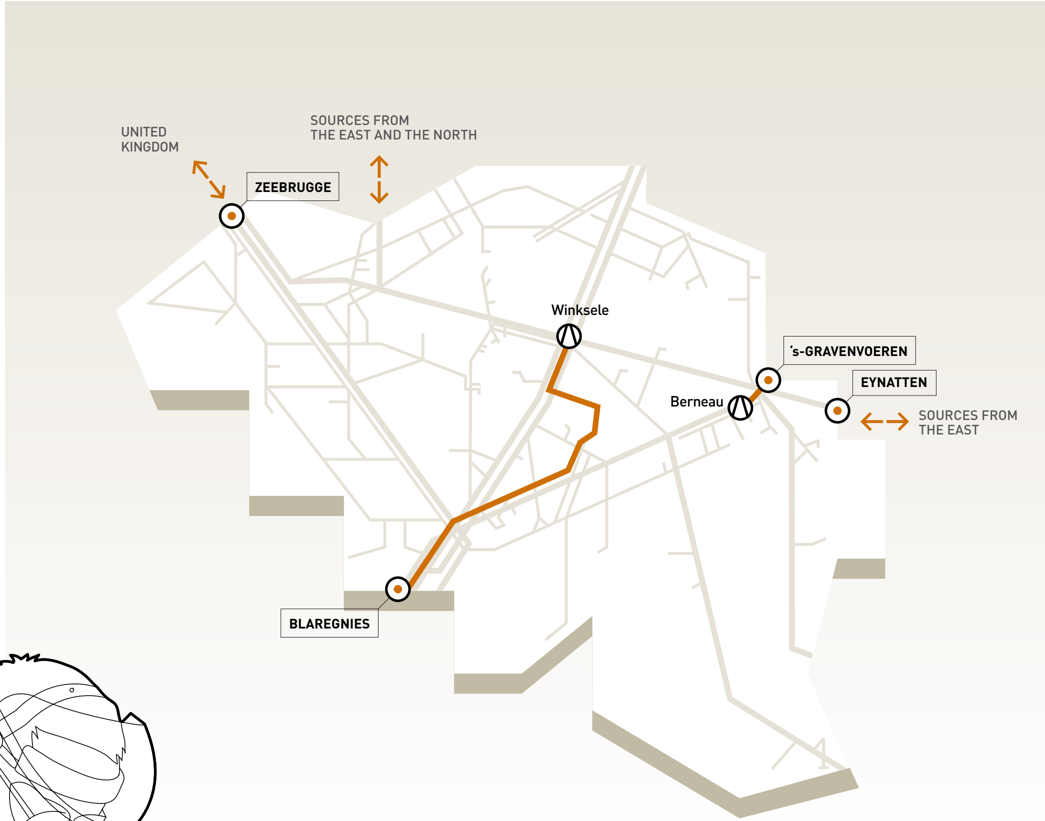
Additional north/south capacity. Fluxys plans to enhance its network by late 2013 in order to significantly increase natural gas transmission capacity between Belgium and France. The project represents an investment of approximately €700 million and involves construction of several infrastructure components:

- laying a pipeline of approximately 125 km in length between the Winksele compressor station and the border station at Blaregnies on the France-Belgium border. In determining the route for the pipeline, Fluxys is seeking the most efficient solutions for connecting, among others, planned power stations in the Charleroi and La Louvière region and for capacity enhancements in the pipeline network in Wallonia;
- laying a second pipeline of approximately 5 km in length between the border station at 's-Gravenvoeren (Belgium-Dutch border) and the Berneau compressor station to carry additional natural gas flows from Norway (via the Netherlands);
- additional compressor capacity at the Winksele and Berneau compressor stations;
- capacity enhancements at the 's-Gravenvoeren and Blaregnies metering stations.

The project results from a market consultation organised by Fluxys and French system operator GRTgaz in 2007-2008 to assess the level of market demand for additional north/south border-to-border capacity. A total of 14 grid users signed contracts with Fluxys for a minimum of ten years in respect of new capacity from Zeebrugge, 's- Gravenvoeren and Eynatten (Belgium-Germany border) to Blaregnies. These contracts jointly represent bookings of around 10 billion cubic metres of additional capacity per year and the project would significantly contribute to security of supply in Belgium.

The Fluxys Board of Directors will take a final decision on the project once the corresponding projects in the neighbouring networks have been approved by the adjacent transmission system operators. Bearing in mind permitting procedures and the scale of investment required among other things, commissioning of the new capacity is planned by late 2013.

Fluxys is also investigating the possibility of restructuring transmission of low-calorific natural gas from Poppel to Blaregnies.



Interconnection point

Compressor station

NEW NORTH/SOUTH CAPACITY

Market consultation on border-to-border transmission to Luxembourg. In June 2009, Fluxys launched a market consultation to assess the level of market demand for additional long-term transmission capacity to the Grand Duchy of Luxembourg. A total of 10 grid users signed a confidentiality agreement and were invited to take part in bilateral discussions in order to establish an overall view. In early September, Fluxys received non-binding requests from interested grid users for substantial capacity volumes. Fluxys has therefore decided to go ahead with the market consultation process and has since received binding capacity requests from interested grid users totalling 172,000 m^3/hour per year for the period 2015-2025.

The nature and scale of market interest is being analysed more closely and could prompt investment in new infrastructure to be able to make the additional capacity available. If this is the case and provided that such investment is economically feasible, Fluxys plans to offer this additional capacity in 2015. However, the actual commissioniong date will depend on the level and type of new investment required as well as on the progress made during permitting procedures. A phased implementation of the project could be envisaged.

Market consultation for transmission capacity on the Czech Republic-Germany-Belgium axis. In November 2009, RWE Rheinland Westfalen Netz, Fluxys and RWE Transgas Net launched a market consultation to assess the level of market demand for additional long-term capacity in both directions between the Czech Republic, Germany and Zeebrugge. The project is an attractive opportunity to strengthen security of supply and competition on the major markets in Western and Central Europe.

The consultation timetable stipulates that market players must register their interest by the end of February 2010. Depending on the level of interest expressed and the economic feasibility of the project, the new 740-km MET *(Mitteleuropäische Transversale)* pipeline could be commissioned in late 2014.

Market consultation on transmission capacity from France to Belgium. Fluxys and French system operator GRTgaz have initiated talks about the possible development of transmission capacity from France to Belgium, potentially via a future new interconnection point. Under the proposals, natural gas could be transported from the north of France to Zeebrugge. French regulator CRE *(Commission de Régulation de l'Energie)* has launched a public consultation on the subject and as soon as this process in France is concluded, Fluxys and GRTgaz will launch a market consultation. Belgian regulator CREG has also supported the project in a study.

The market consultation fits in with EDF's plans to build an LNG terminal at Dunkirk and the commitments made by GDF SUEZ vis-à-vis the European Commission to create capacity for transmission from France to Belgium. The project is also an opportunity to link the Zeebrugge Hub and PEG Nord spot markets *(Point d'Échange de Gaz Nord)*.

Fluxys acquires 10% stake in IUK. In December 2009, acquired from E.ON Ruhrgas a 10% stake in Interconnector UK Ltd (IUK), the operator of the subsea pipeline between Zeebrugge (B) and Bacton (UK). The acquisition makes Fluxys the first TSO among the shareholders in IUK.

The move is part of Fluxys' strategy to cooperate with other transmission system operators outside Belgium and to invest jointly in new projects as well as to acquire stakes in existing infrastructure with a view to developing the natural gas market in North-Western Europe. Fluxys already holds a 20% stake in BBL Company, the operator of the other subsea pipeline linking the United Kingdom to continental Europe. The Group's stake in IUK will consolidate Fluxys' position on the natural gas transmission market for east/west flows and in North-Western Europe and especially for flows between continental Europe and the United Kingdom.

More opportunities for Belgium/UK gas flow through the Interconnector. Since 1 July 2009, Interconnector UK and Fluxys shippers have been able to use a wider variety of natural gas from their portfolios for flows between Belgium and the UK. This improvement is the result of Interconnector UK and Fluxys having adjusted the lower limit for the Wobbe Index of natural gas to be delivered at the Interconnector Zeebrugge Terminal (IZT).

The adjustment alleviates one of the bottlenecks for shippers to transport natural gas from interconnection points in the East of Belgium to the UK via the Interconnector. It also enhances the arbitrage opportunities between the Zeebrugge Hub and the National Balancing Point (NBP) in the United Kingdom.

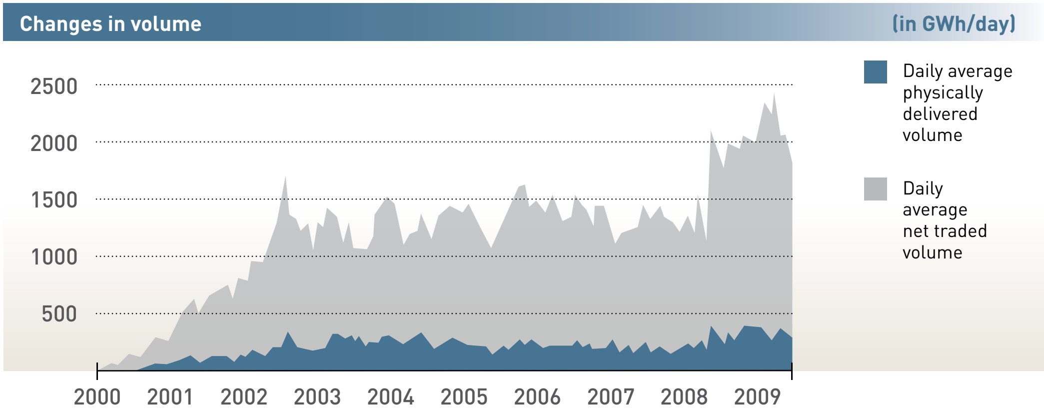
Joint Fluxys/GRTgaz platform for trading transmission capacity. In a bid to stimulate capacity trading between grid users, in January 2009 Fluxys and GRTgaz launched **cap**square, a joint electronic platform for trading border-to-border transmission capacity on the secondary market. Shippers can offer on the platform any pockets of capacity in the Fluxys or GRTgaz grid they have booked but do not intend to use. Through these offers other shippers have the opportunity to secure additional capacities on a short term basis.

On 1 January 2010, 24 companies had signed up to **cap**square and since it was launched a total capacity of 19.8 TWh has been traded on the platform via 225 transactions.

Potential collaborations under discussion. In addition to the projects detailed above, Fluxys is also in talks with with several European operators concerning collaboration on projects involving LNG infrastructure, transmission and/or storage which might help to consolidate Belgium's position as a crossroads and contribute to security of supply and smooth operation of the market in Belgium and North-Western Europe.

HUBERATOR: HUB SERVICES

Fluxys' subsidiary Huberator operates the Zeebrugge Hub, one of the leading short-term natural gas markets in Europe. Thanks to the services provided by Huberator traders can be sure that the volumes they buy or sell on the Zeebrugge Hub will effectively be available for re-trading or physical redelivery to a different location.



All-time highs. The Zeebrugge Hub celebrated its 10th birthday in 2009 with record figures. Both the volumes physically delivered at the Hub and the net traded volumes were up by around 42% in 2009 compared with 2008. A new record was set on 24 September with net traded volumes reaching 2,585 GWh, around seven times the amount of high-calorific natural gas consumed in Belgium on the same day. Over the year as a whole, 62 billion cubic metres of natural gas was traded on the Hub (721 TWh), which is more than 3.5 times the annual consumption of the Belgian market.

New traders at the Zeebrugge Hub. Interest in natural gas trading at the Zeebrugge Hub remained buoyant in 2009. Huberator signed contracts with six new members, namely EnBW Trading GmbH, Lampiris, Gas Natural Aprivisionamientos SDG, Gas Natural SDG, POWEO and Energy Commodity Trading Services, bringing the number of traders to 76 at the end of 2009.

GMSL: OPERATIONAL SERVICES

All players throughout the natural has chain from producers, LNG importers, traders suppliers and major end users may enlist the operational support services of Fluxys' subsidiary Gas Management Services Limited (GMSL) to outsource the monitoring of their natural gas movements and transfers. In 2009, GMSL provided operational services to grid users in Ireland, Austria, France, the United Kingdom, Belgium, Germany, the Netherlands, Norway, Italy and Switzerland. GMSL also operates in gas fields in Norway and the North Sea as well as in the Interconnector.

GMSL also uses its operational knowledge and experience to develop software for shippers active on both the UK market and grids in continental Europe. In 2009, the number of customers using the Eurorunner software increased substantially. Eurorunner enables grid users to manage their gas movements on grids in continental Europe. The number of licences for the Coderunner software also increased. Coderunner offers the same functionalities as Eurorunner but is aimed at the British market.

Despite the economic crisis in 2008 and 2009, GMSL was able to attract new customers for both its operational services and its software. In 2009, software development enabled the company to consolidate its position on the market and to attract three major international concerns to its clientele: Centrica, BP and Bank of America.

Since March 2008, GMSL has also been offering services in connection with transactions on the electricity markets in France, Germany, the Netherlands, Belgium and the United Kingdom, as well as those on IFA (Interconnection between France and UK) and IFG (Interconnection between France and Germany). In 2009, the company developed PowerTrak, a software programme used to manage transactions on the electricity market. During the second quarter of 2009, an initial module intended for use with transactions on the electricity market in the United Kingdom successfully passed the classification test administered by Elexon, the company responsible for compiling the rules governing balancing on the electricity grid in the United Kingdom. Since late August 2009, GMSL has also been offering support services on the European Power Exchange (EPEX) outside office hours for the electricity markets in France and Germany.

GMSL also acts as Claims Validation Agent for the grid users of National Grid Gas (UK).

BALGZAND-BACTON PIPELINE

After the Interconnector (Zeebrugge-Bacton), the Balgzand-Bacton pipeline (BBL) is the second subsea pipeline between continental Europe and the United Kingdom. BBL Company – a joint venture between Gasunie (Netherlands), Fluxys and E.ON Ruhrgas (Germany) – is responsible for building, operating and marketing the pipeline. The pipeline was commissioned on 1 December 2006.

In 2008, BBL Company launched a market consultation to assess the level of demand for additional capacity in the pipeline. Following this consultation, the decision was taken to build a fourth compressor at the Ana Paulowna station. The new equipment will be operational from December 2010 and will increase the capacity in the BBL pipeline from 1.75 million to 2.13 million cubic metres per hour. Preparation work for construction of the compressor began in 2009.

In 2008, BBL Company became a member of the Transmission Transparency Project run by the North-West Gas Regional Initiative. After joining the project, in May 2009 BBL Company launched its new website which publishes updated information on BBL's operational data each day.

BBL Company has also put forward a new proposal for non-physical interruptible reverse-flow services. A market consultation was organised in May 2009 to give grid users the opportunity to voice their comments and suggestions. Following this consultation, the company submitted a final proposal to the relevant regulatory authorities in late 2009.

2.4 INDICATIVE INVESTMENT PROGRAMME 2009-2018: €2.8 BILLION

GENERAL APPROACH TO INVESTMENT PLANNING

Each year, Fluxys updates its ten-year indicative investment programme. These updates take account of changes in requirements in terms of natural gas supply, requests for new connections and the changing needs of grid users identified through subscription periods and international market consultations among other things.

When updating its investment programme, Fluxys uses data showing how demand for transmission capacity is expected to develop and forecasted use of entry zones to carry out simulations on the grid as it currently stands. A number of scenarios are considered: a scenario primarily showing east-west flows, a scenario primarily showing west-east flows, and a number of other sub-scenarios.

For each scenario Fluxys examines what investments are needed to ensure that natural gas can be supplied at the guaranteed minimum pressure at all supply or interconnection points and that adequate resources are available to maintain grid balance. Fluxys also attaches great importance to working closely with operators of neighbouring grids since the success of certain projects on Fluxys' own grid requires consultation and agreement on the nature and timing of investment needed on neighbouring grids.

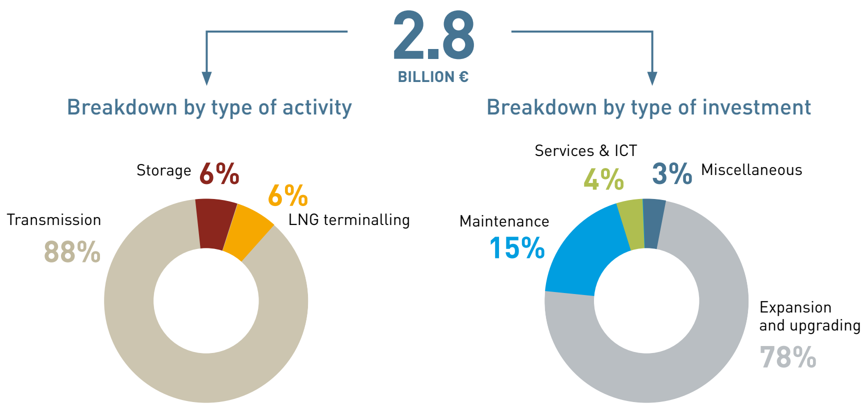
Fluxys adopts this approach to respond as effectively as possible to market needs and also take into consideration the period required to complete a project. It takes approximately five to six years to implement infrastructure projects of any scale because procedures for establishing pipeline routes in a densely populated country like Belgium are becoming ever more complex and a range of permits and laws need to be taken into consideration.

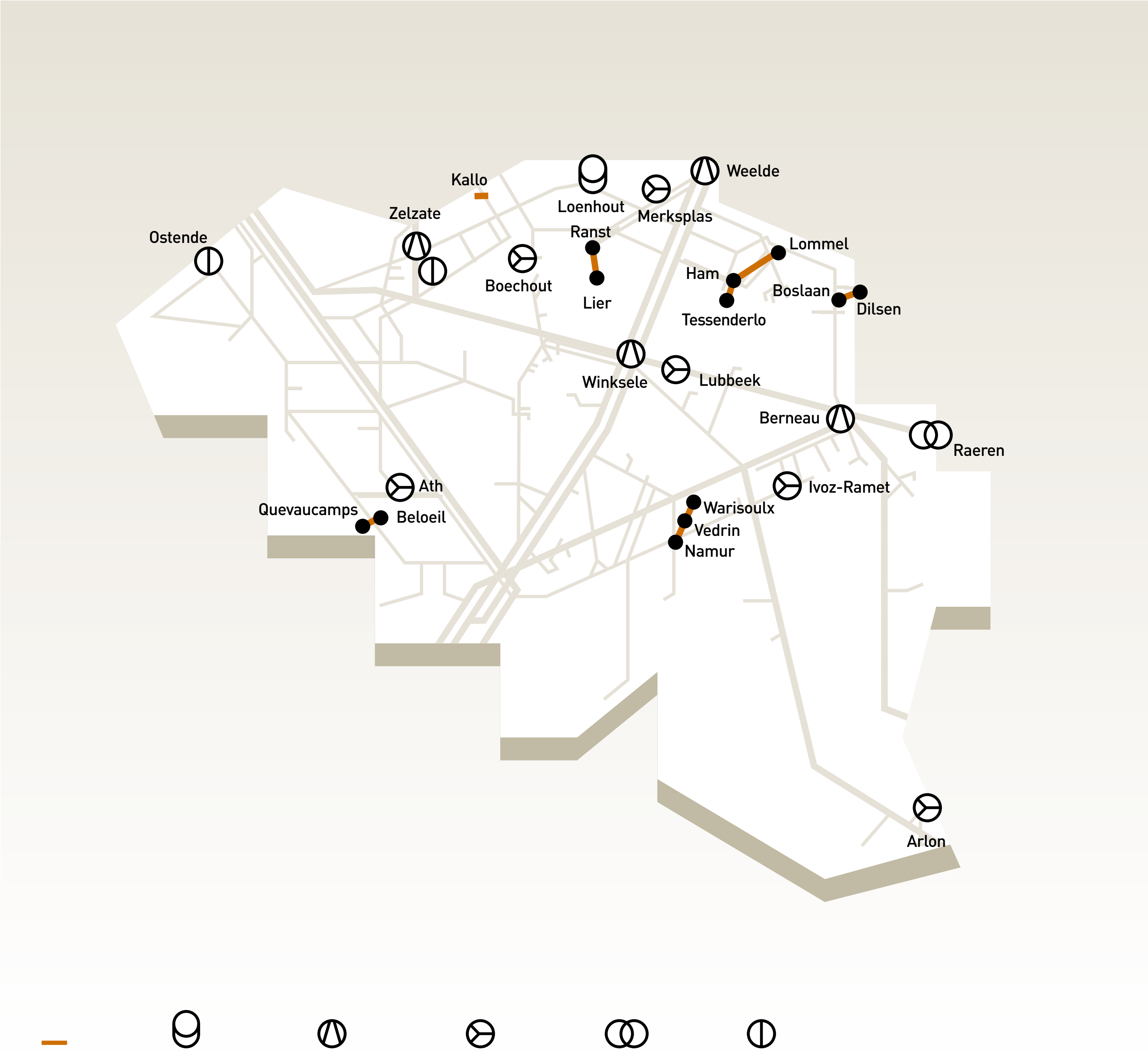
In March 2009, the Belgian federation of pipeline transmission companies (Fetrapi), of which Fluxys is a member, and Essenscia, the coordination body representing the chemical sector, published a memorandum following the regional elections. The memorandum sets out several recommendations to make permitting procedures more transparent and more efficient. Among other things, Fetrapi and Essenscia are calling for a reduction in the overall time required to obtain all the necessary permits and efficient coordination between the various political levels implied in the process.

KEY ELEMENTS IN THE INDICATIVE INVESTMENT PROGRAMME FOR THE PERIOD 2009-2018

In 2009, investment expenditure increased by 14% compared with 2008 and this trend is set to become more pronounced still in the years to come. Fluxys' indicative investment programme for the period 2009-2018 – worth a total of €2.8 billion – is the largest it has ever been and focuses on the following key elements:

- opening up the grid to as many sources as possible to ensure maximum diversity and to contribute to security of supply;
- making new capacity available to cope with the expected growth in transmission capacity in Belgium (increase in capacity of approximately 35% by 2018);
- consolidating the role of the Fluxys network as a crossroads for gas flows in North-Western Europe by providing additional border-to-border capacity agreed with grid users through long-term contracts;
- switching to an entry/exit model with one single balancing zone on the high-calorific natural gas grid;
- increasing capacity and utilisation flexibility of the underground natural gas storage facility at Loenhout;
- systematically reducing the impact of Fluxys activities on the environment;
- maintaining the safety and integrity of infrastructure.





Pipeline | Storage | Compressor station | Pressure-reducing station | Metering station | Connection with industrial consumer

2009 INVESTMENTS

2009: €226 MILLION OF INVESTMENT IN INFRA

In 2009, the Fluxys Group implemented infrastructure investment projects totalling €226 million. Of this amount, 81% was allocated to transmission projects, 17% to storage projects and 2% to LNG terminalling projects.

LAYING OF NEW PIPELINES

Dilsen-Boslaan. In late October 2009, Fluxys began laying an 8-km pipeline in Dilsen in order to strengthen security of supply in northern Limburg. This new pipeline will connect the existing pressure-reducing station with to the existing border metering station via a new intermediate station yet to be built.

Lommel-Ham-Tessenderlo. In November 2009, Fluxys began laying the 24-km Lommel-Ham-Tessenderlo pipeline which will supply the new GTCC power station on the premises of Tessenderlo Chemie.

Ranst-Lier. With a view to increasing supply capacity in the Lier region, in 2009 Fluxys laid and 11-km pipeline between Ranst and Lier. The pipeline also came into operation in 2009.

Warisoulx-Vedrin-Namur. In 2009, Fluxys began laying a new pipeline linking Warisoulx and Namur via Vedrin to increase supply capacity in the Namur region. The 3-km section between Warisoulx and Vedrin has been completed and is already in operation, while the remaining 4-km section between Vedrin and Namur is being completed and will be commissioned in 2010.

Beloeil-Quevaucamps. In 2009, Fluxys laid a 2.5-km pipeline between Beloeil and Quevaucamps to increase supply capacity in the region. The new pipeline is due to be commissioned in 2010.

Kallo-Melseledijk/Kallo-Koestraat. In 2009, Fluxys also extended its pipeline network with a 3-km pipeline between Kallo-Melseledijk and Kallo-Koestraat with a view to increasing supply capacity to the local distribution system.

WORKS AT COMPRESSOR STATIONS

Zelzate. Fluxys has completed work on the compressor station commissioned in December 2008. The new station has boosted transmission capacity on the Fluxys grid considerably and also enables to transport larger volumes to and from the underground storage facility at Loenhout.

Weelde. Fluxys is busy working to replace part of the compression capacity at Weelde and is also constructing a new administrative building. Both projects are due to be commissioned in 2010.

Berneau. As part of the project to link the existing RTR1 pipeline and the new RTR2 pipeline to the SEGEO gas pipeline ('s-Gravenvoeren-Blaregnies), Fluxys has built a pressure-regulating installatio at the Berneau compressor station. It has also begun preparations to replace two existing compressors with two electrocompressors and to extend compression capacity by installing four new electrocompressors.

Winksele. Various projects are also under way at Winkelse, primarily to accomodate additional east/west and north/south capacity: a new administrative building is planned, a compressor for the low-calorific natural gas transmission grid is to be replaced and compression capacity will be built for the high-calorific natural gas grid connected to the Winksele facility via the new RTR2 pipeline.

WORKS AT METERING STATION

Raeren. Fluxys has made a number of major changes at its metering station in Raeren to enhance the latter's metering capacity in preparation of commissioning the new east/west axis through Belgium (RTR2).

WORKS AT THE LOENHOUT STORAGE FACILITY

In 2009, Fluxys continued work on enhancing capacity at its underground storage facility at Loenhout (see Storage, p.128). The workable storage capacity available has increased from 625 million to 650 million cubic metres. Fluxys is also building an additional compressor to increase injection capacity. Several other projects are under way to increase send-out capacity as well: Fluxys is building a new injection and send-out platform and is also adapting or extending various facilities at the storage site. A new administrative building has also been constructed and additional fire-fighting capacity has been provided for in the form of a new tank containing fire-extinguishing water.

CONNECTIONS WITH INDUSTRIAL CONSUMERS

In late 2009, the Fluxys grid comprised 252 direct connections with industrial consumers, power stations and cogeneration facilities. During the course of the year, two new connections were added: a connection with the Electrabel power station in Zelzate and a connection with brickworks De Keignaert in Ostend.

PRESSURE-REDUCING STATIONS FOR DISTRIBUTION SYSTEM OPERATORS

In 2009, Fluxys built six new pressure-reducing stations for distribution system operators in Merksplas, Boechout, Ath, Lubbeek, Ivoz Ramet and Arlon. In Arlon, the existing station located in the town itself was replaced by a new one, while in Bruges the project consisted in extending the existing pressure-reducing station.

3. OPERATING SAFELY

3.1 SAFETY: A DAY-TO-DAY PRIORITY

As the operator of the natural gas transmission system in Belgium, safety is Fluxys' number-one priority and the cornerstone of all our activities. More than half of our 1,000 staff are focused on constructing safe facilities and in ensuring that they are operated safely at all times.

Ghislenghien. On 30 July 2004, an accident occurred on the natural gas transmission pipeline linking Zeebrugge and Blaregnies on the Ghislenghien industrial estate. Legal action was brought against Fluxys as a legal entity before the Tournai Correctional Court, but in February 2010 the court exonerated the company and ruled that it had not committed any offence. In its reasoning, the court underlined that the accident had been caused solely by unreported damage to the pipeline.

Legal notification requirement. Serious pipeline incidents arise mainly from damage caused by third parties. That is why anyone wishing to carry out work in the immediate vicinity of Fluxys' natural gas transmission infrastructure is required by law to notify Fluxys as from the planning phase (Royal Decree of 21 September 1988). Fluxys has a dedicated team and an efficient document-management system to process the yearly volume of 50,000 to 60,000 notifications. If a Fluxys pipeline is present in the vicinity of the notified works, a patrol officer from the company's regional operating sector comes to the site free of charge before the start of the works to go through the maps of the pipeline, the safety instructions and the implementation methods.

Working safely in the vicinity of Fluxys' infrastructure is quite possible but only if all parties involved take their responsibilities as imposed by law and strictly follow safety guidelines to the letter. Neither is there any correlation between the scope or duration of works and the associated level of risk or danger. Fluxys therefore focuses its attention as much on smaller sites as on larger ones.

Detailed inspection. Not all works in the vicinity of Fluxys' infrastructure are notified to the company. To identify such unreported works, patrol officers monitor the pipeline network on a daily basis. They patrol the grid in three ways:

- walking the entire length of the pipeline network once a year;
- patrolling the network in a vehicle: sections located in built-up areas once a week and the rest of the network twice a month;
- making helicopter flights over the main transmission axes every day and other pipelines every two weeks.

Notification of works made simple. On the CICC/KLIM website anyone can notify the owners of high-voltage cables and pipeline facilities for transporting gaseous and other products about work to be carried out anywhere in Belgium. The portal makes it much simpler for the relevant parties to comply with their legal notification obligation. Furthermore, CICC/KLIM (the federal portal) and KLIP (the Flemish portal) are interlinked, which means that notifications submitted via CICC/KLIM of works being carried out in Flanders are automatically forwarded to KLIP and vice versa. As such, parties may use either of the two systems to notify all transmission, telecommunications, drain and cable operators and all natural gas, electricity and water distribution companies in Flanders.

Awareness-raising campaigns. For many years Fluxys has been carrying out awareness-raising campaigns on how to work safely in the vicinity of its infrastructure. The campaigns are targeted at everyone involved in such work: developers, designers, anyone working independently or on behalf of a developer, owners and operators, municipalities, notaries and the emergency services among others. In these campaigns, special emphasis is placed on the roles and responsibilities of all stakeholders and, in particular, on the legal requirement to find out from Fluxys whether any natural gas transmission infrastructure is present in the vicinity of areas where works are planned.

Safety as a core value. Safety is not an afterthought for Fluxys but is instead one of the company's core values since it is a defining part of its profession as a natural gas transmission company. This means that all Fluxys staff view safety as a top priority at all stages, from designing to operating facilities, and that well-being in the workplace is embraced as a fundamental principle.

To ensure a structured and targeted approach, Fluxys has set up an integrated management system known as the Quality & Safety Management System (QSMS), which incorporates the legal requirements and standards by which the company is bound in terms of well-being at work, industrial safety, environmental protection and quality.

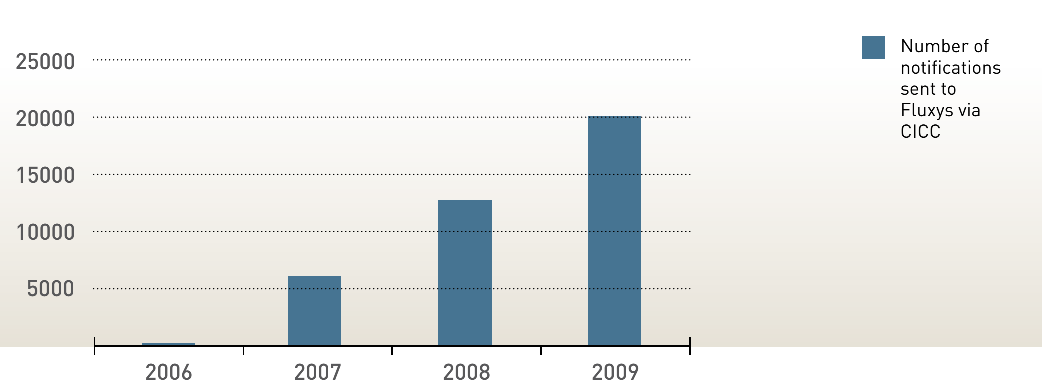
It is also important to mention that Fluxys is a pioneer as regards introducing various safety systems such as cathodic protection for pipelines. Fluxys also regularly tests its safety policy against the approach of other system operators in Europe and follows technical developments closely.

Thanks to the dedication of all its staff, Fluxys continues to ensure that its safety approach is continuously being improved and adjusted to incorporate best practices. In other words, Fluxys is doing everything in its power to ensure that a disaster such as that at Ghislenghien never happens again.

3.2 SIMPLIFYING NOTIFICATION OF WORKS

Notification of works made quick and simple thanks to CICC/KLIM. On the CICC/KLIM website anyone can notify the owners of high-voltage cables and pipeline facilities for transport of gaseous and other products about work to be carried out anywhere in Belgium. In this way, CICC/KLIM makes it simpler to meet the legal requirement to provide notification of impending works. CICC/KLIM is the Federal Cable and Pipeline Information Database and is operated by the non-profit association CICC/KLIM. Apart from Fluxys, the main members are Elia and the other pipeline companies belonging to Fetrapi, the Federation of Pipeline Transmission Companies.

Notifications sent to Fluxys via CICC



Since it was first launched, use of the CICC/KLIM platform has increased considerably. Of all CICC/KLIM consultations in 2009, 20,000 pertained to Fluxys as compared with 13,000 in 2008. This means that in 2009, Fluxys accounted for almost 40% of all notifications via the CICC/KLIM portal as compared with 24% in 2008.

Link-up with KLIP. The Cable and Pipeline Information Portal (KLIP) is a Flemish initiative for providing notification of works in the Flemish Region to all cable and pipeline operators.

Since May 2009 CICC/KLIM and KLIP have been interlinked. Any notifications submitted via CICC/KLIM of works being carried out in Flanders are automatically forwarded to KLIP, while notifications in KLIP are automatically forwarded to CICC/KLIM. As such, parties may use either of the two systems to notify all transmission, telecommunications, drain and cable operators and all natural gas, electricity and water distribution companies in Flanders. For Wallonia and the Brussels Capital Region, CICC/KLIM intends to help devising similar solutions to those in Flanders once the required regional electronic contact points are operational.

3.3 AWARENESS-RAISING CAMPAIGNS

Serious pipeline incidents arise mainly from damage caused by third parties. That is why Fluxys has, for many years, been carrying out awareness-raising campaigns on how to work safely in the vicinity of its infrastructure. The campaigns are targeted at everyone involved in such work: developers, designers and anyone working independently or on behalf of a developer. Special emphasis is placed on the legal requirement to find out from Fluxys whether any natural gas transmission infrastructure is present in the vicinity of areas where works are planned.

INITIATIVES FOR MUNICIPALITIES

Initiatives for municipalities. Individual information meetings for municipalities. In 2009, Fluxys continued its ongoing programme of holding an information meeting with the authorities of each of the 395 municipalities with a Fluxys pipeline sited either within the municipality itself or in its immediate vicinity at some stage during their term of office. Fluxys invites not only the mayor and aldermen to these meetings, but also technical and town planning department officers, the fire brigade and the police.

Pipeline maps sent to municipalities. Every five years Fluxys sends a direct mailing to each municipality with a full overview of the pipelines in their territory. If new pipelines come into service or existing pipelines are moved during that five-year period, the municipalities concerned are automatically sent a copy of the updated maps.

INITIATIVES FOR THE CONSTRUCTION SECTOR

Preparatory meetings with contractors. Every day Fluxys staff hold preparatory meetings to explain essential safety measures to be taken when carrying out construction work near Fluxys' transmission infrastructure.

Information for safety coordinators. In 2009, Fluxys worked with the Belgian Health and Safety Coordinators Institute (BIB.Co) and the contact organisation for safety coordinators in the construction sector (VC-CS) to devise a special training programme for their trainers on works in the vicinity of transmission pipelines. Fluxys has also taken part in training sessions organised by BIB.Co and VC-CS for the latter's own members on the same topic. These organisations have also included information drawn from these training sessions on their websites and in their e-zines.

Information meetings with other system operators. In the course of these information meetings, Fluxys met other system operators who often perform work underground and consequently come into contact with Fluxys regularly. These meetings discussed the safety aspects associated with works near Fluxys infrastructure.

Information for contractors and excavation-machine operators. In 2005, Fluxys launched a special brochure aimed specifically at excavation-machine operators and earthwork contractors setting out the rules to be observed when carrying out work in the vicinity of pipelines. In 2009, Fluxys updated this brochure and added a chapter with information on the notification procedure for anyone planning construction works (contractors, developers, architects and consulting engineers). The brochure is available on the Fluxys website and is also distributed by professional associations such as *Bouwunie*, the *Confédération de la Construction*, the *Vlaamse Confederatie Bouw*, VC-CS, BIB.Co and the *Nationaal Actiecomité voor Veiligheid en Hygiëne in het Bouwbedrijf – Comité National d'Action pour la Sécurité et l'Hygiène dans la Construction*.

INITIATIVES FOR OWNERS AND OPERATORS

Fluxys operates an ongoing programme to remind some 70,000 owners and operators every five years that an underground gas pipeline passes through close to their land. Since 2007, Fluxys has been notifying such parties of the presence of pipelines by way of an eye-catching direct mailing.

3.4 COLLABORATION WITH THE FIRE AND POLICE SERVICES

Pipeline diagrams. Every five years, local fire and police services are sent a full overview of all Fluxys pipelines present in their area. If new pipelines come into service or existing pipelines ar moved during that five-year priod, the fire and police services concerned are automatically sent updated plans.

As a member of Fetrapi, the Federation of Pipeline Transmission Companies, Fluxys had its pipeline data incorporated into the databases held by Information and Communications Centres (CIC). These are the emergency 101 control rooms to which all calls for police assistance are routed. When processing a call, these centres can consult the plans immediately to check whether the situation affects Fetrapi members. The 100 and 101 centres in some provinces were recently merged into a single centre.

Emergency and intervention plan. The digital database of Fetrapi which is available online to fire brigades in collaboration with the Crisis Centre and Civil Security DGs (Federal Public Service Home Affairs), was updated in June 2009.

In the context of its guide to emergency measures in relation to pipelines used to transport gas and liquids, Fluxys is always willing to assist municipalities and provinces when drafting intervention plans. Accordingly, as a member of Fetrapi, Fluxys is working with the province of Limburg to draft a special emergency and intervention plan for pipelines.

Information meetings. When organising information meetings for municipalities, Fluxys routinely asks representatives from the local fire brigade and police force to attend as well. In addition, Fluxys always follows up requests from fire brigades or police forces to organise individual information meetings.

3.5 INTEGRATED QUALITY & SAFETY MANAGEMENT SYSTEM

Fluxys takes steps at several levels to monitor the integrity of its transmission infrastructure, from the design stage, through the construction phase to final operation. Safety is thus being managed through a chain of closely interlinked processes. To ensure a structured and targeted approach, Fluxys has set up an integrated management system known as the Quality & Safety Management System (QSMS), which incorporates the legal requirements and standards by which the company is bound in terms of well-being at work, industrial safety, environmental protection and quality.

The QSMS is based on the principle of continuous improvement: Fluxys' processes and procedures are constantly reviewed to take account of a range of factors such as the latest technological developments.

In 2009, Fluxys and Fluxys LNG staff attended a total of 13,400 hours of safety training, of which approximately 3,000 hours focused on QSMS processes and procedures.

Each year, the authorities responsible for the safety of Seveso facilities conduct a QSMS follow-up audit. During these audits, the QSMS is reviewed using special technical tools and the remedial actions are monitored. Systematic internal assessments are also conducted to enhance the efficiency of the QSMS.

3.6 WELL-BEING AT WORK

Number of accidents. In 2009, 14 accidents resulting in lost working time were recorded at Fluxys and Fluxys LNG. Although the number of accidents recorded has not declined since 2004, the severity rate of those accidents which have occurred has fallen, with the number of days of incapacity for work dropping significantly from over 200 in previous years to 80 in 2009.

Comprehensive Prevention Plan. Through its Comprehensive Prevention Plan, Fluxys takes steps to prevent accidents and incidents in the workplace more effectively. The Comprehensive Prevention Plan for the period 2009-2013 comprises 19 cross-company projects, which include a clear description of the action to be taken and the Fluxys departments concerned and form the basis for annual action plans. The 19 cross-company projects underwent two evaluations in 2009 and were adapted where necessary in line with the company's requirements.

The focal points for the Comprehensive Prevention Plan in 2009 included assurance of (safety) technical competence management, review of local intervention plans, fine-tuning of testing methods when finalising new facilities and consolidating individual involvement in preventive action.

New working clothes. In 2009, Fluxys' working clothes underwent a risk analysis. Workforce representatives were involved in the process and based on the findings a new fabric has been chosen and the relevant functional requirements reviewed. The new fabric will be antistatic, fire-resistant and highly-visible. Additional requirements have been noted for some functions. The new clothing will be tested rigorously during 2010.

Incident management. In 2009, procedures governing management of incidents and near-accidents at Fluxys were reviewed. The lessons drawn from these incidents and near-accidents will be incorporated into our working guidelines to prevent them from occurring again.

Actively raising awareness of a safety culture. Fluxys continues to dedicate itself to raising awareness (training and support) among all staff when it comes to safety risks, not only within its technical departments but also in its offices. Special emphasis is placed on regular safety visits to workplaces by line managers. Collaboration between all departments and between each individual department and contractors is paramount. Work has also begun on drafting a safety manual. This publication will detail the key rules governing safety to be observed by all persons on site. A well-being training course was launched in 2009 aimed at managerial staff to reiterate key safety aspects. This training cycle will conclude in spring 2010.

Positive SCC audit. Fluxys' Project Management, Supervision & Interventions and Cathodic Protection departments play an active role on work sites and hold a Safety Checklist Contractors certification (version 2004/04). Each year, an interim audit is being held with a full re-certification audit being conducted every three years. In 2009, the interim audit was successful.

Safety coordination on temporary and mobile work sites. Fluxys puts in place a health and safety plan right from the start of its infrastructure projects. The company also tries to communicate as much as possible with contractors both prior to and during the works, to ensure that all parties have been properly informed of the potential risks involved. Safety coordination within the company is also organised in such a way that the required safety measures are standardised in both the design and implementation phases and only need to be adjusted to take account of the specific nature and environment of each individual project.

Fluxys works with external safety coordinators for larger projects. Project leaders and study engineers who have taken training courses as level B safety coordinators are responsible for smaller scale projects.

Safety meeting with framework contractors. During 2009, Fluxys invited its main framework contractors to a joint meeting to discuss various aspects of site safety and safety when carrying out maintenance work on Fluxys facilities. The purpose of the meeting was to ensure that the very highest safety standards are adhered to when work is being carried out, to enhance dissemination of information and to organise safety inspections. In 2010, the initiatives prompted by discussions at these meetings will be assessed.

4. SUSTAINABLE DEVELOPMENT

4.1 GOOD NEIGHBOURLY RELATIONS

INFRASTRUCTURE PROJECTS: TRANSPARENT COMMUNICATION

From the planning phases for new infrastructure projects, Fluxys strives to inform the municipal authorities, local residents and other stakeholders in a transparent way about the work the company intends to carry out. We place special emphasis on the company's approach to safety and on the fact that our pipelines and installations are infrastructure of public interest.

Initiatives for municipalities

Information sessions about new pipeline projects. Since 2008, Fluxys has offered the municipalities the possibility of co-organising with them an information meeting for local residents during the permitting procedures for new pipelines. In 2009, information meetings of this kind were organised in the context of the Declaration of Public Utility for the Péronnes-Leernes-Dampremy pipeline project intended to supply the new Marcinelle Energie power station, and for the Ghent-Zeehaven section of the new east/west axis project from Eynatten in the direction of Zeebrugge.

Initiatives for local residents

Targeted communication about every project. Since 2007, at the design phase of every new pipeline project Fluxys has been sending out an eye-catching direct mailing containing information for local residents about the project: why the pipeline is needed, how the route was determined, who the Fluxys contact person is and the process involved in laying a pipeline. Communication with local residents is a particular focus in other than pipeline projects as well.

Open Day at Zelzate. On Sunday, 4 October an Open Day was held at Fluxys' compressor station at Zelzate. The event was an opportunity for local residents and other interested parties to find out what purpose compressor stations serve within the Fluxys grid and enjoy a guided tour of the facilities.

DEDICATED FLUXYS CONTACTS FOR OWNERS AND OPERATORS OF LAND TRAVERSED BY A PIPELINE

From the initial planning of a pipeline route right through to site restoration after a pipeline has been laid, owners and operators of land which is traversed by a pipeline have their own contact person at Fluxys. In this way they can consult someone who has a thorough knowledge of their concerns and the features of their land. The Fluxys contacts are part of a team of independent negotiators with a specific mission from the company: to ensure good relations by defending owners' and operators' interests within Fluxys. They are also the people whom owners and operators should contact after works have been completed when, for example, pipeline operation works are carried out on private land.

NEW AGREEMENT BETWEEN FLUXYS AND FARMING COMMUNITY

Since the vast majority of Fluxys' pipelines are laid under farmland, it is crucial for Fluxys and the farming community to maintain good neighbourly relations. With this in mind, the farmers' federation *Boerenbond*, the general farmers' union *Algemeen Boerensyndicaat* and the Walloon agriculture federation *Fédération Wallonne de l'Agriculture* have signed a new protocol agreement with Fluxys.

While a pipeline is being laid, farmers are temporarily unable to use parts of their fields and pastureland. Fluxys pays them compensation for this and during the works also makes special arrangements to ensure, for example, access to water supplies for the pastureland. Fluxys also makes sure that their land is left in the best possible condition once the pipeline has been laid. With a view to handling all of these aspects while maintaining good relations, Fluxys signs protocol agreements with farming organisations. This approach has the added advantage of guaranteeing equal treatment to all parties.

The new agreement builds on existing cooperation with the farming community while emphasizing on particular aspects. For instance, due to changing market prices, new rates have been agreed to ensure that farmers receive fair compensation for loss of income and any other temporary damage caused when laying the pipeline. In a spirit of good neighbourly relations additional guarantees have also been incorporated with a view to compensating any other damage caused and to restoring land into its original state in accordance with best practices.

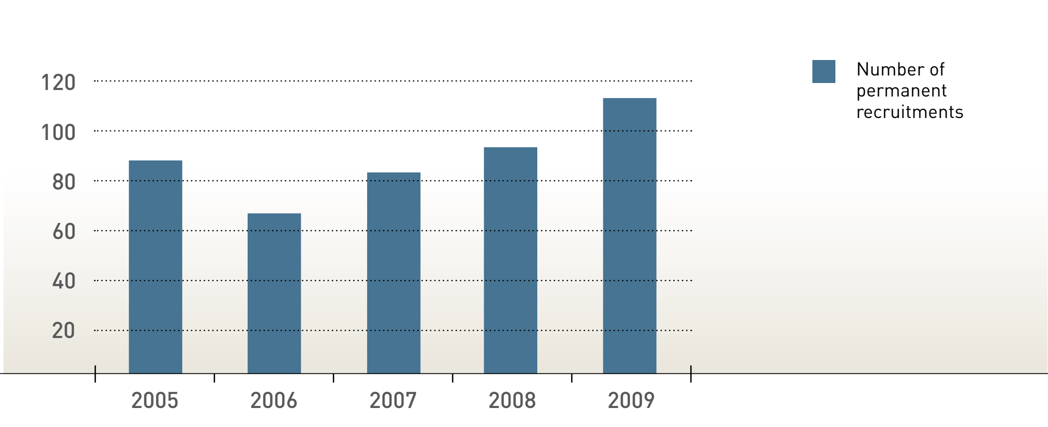
4.2 PEOPLE: OUR PRIME CONCERN

Fluxys' values become practical guidelines. In 2009, Fluxys adapted its values to reflect the changing context in which the company operates. Respect for safety and the environment, good neighbourly relations, professionalism and commitment, cohesion and customer focus are now the Fluxys' five core values. They serve as practical guidelines for members of staff in their approach to day-to-day activities so as to jointly flesh out the company's mission and vision.

Recruitment and internships. The company has managed to turn the economic crisis into a recruitment opportunity. In 2009 Fluxys and Fluxys LNG welcomed 113 new members of staff – a net increase of 61. Following this recruitment drive, the total number of staff working for Fluxys and Fluxys LNG stood at 1,095 at the end of 2009, with the Fluxys Group employing a total of 1,154 staff. The relatively high percentage of new staff members (over 10% of the total workforce) will be a real challenge for the Group in 2010 and will require even greater efforts to integrate new members of staff into the company.

Fluxys also has close links with many schools and offers students the opportunity to complete an internship or thesis within the company. In 2009, Fluxys hosted 24 interns following various schooling courses.

Recruitment



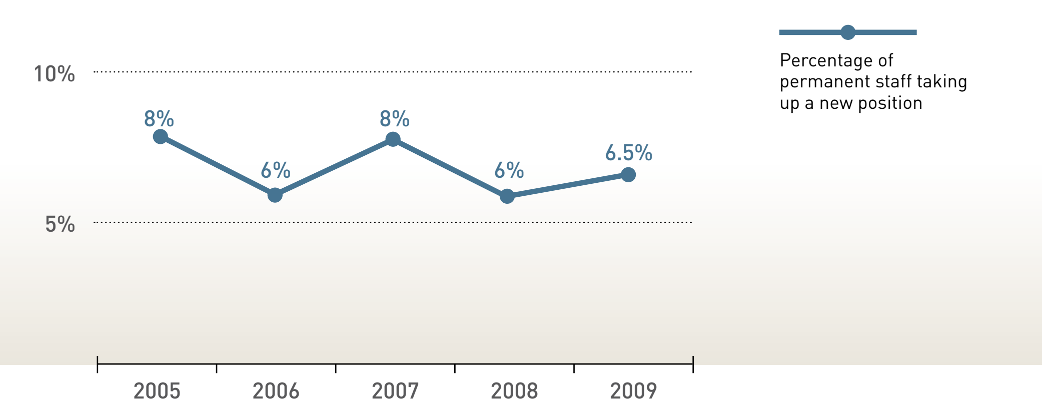
Fluxys employs a multimedia approach and uses all available recruitment channels. The company posts details of job vacancies on its website and also publishes vacancy notices in different media. Fluxys also attends events such as campus recruitment fairs at universities and higher-education establishments, job fairs such as Talentum and Career Launch, as well as recruitment fairs within companies that are restructuring. With a view to recruiting site foremen, Fluxys also organised two work site visits including a visit to the Zuun Intervention Centre. Fluxys has also hosted several school visits to the LNG Terminal in Zeebrugge.

New staff: a personal welcome. Fluxys draws up a personal induction programme for all new staff members. Throughout their trial period, new staff receive support to help them familiarise themselves with their new working environment. Such support includes training sessions on the procedures and working methods employed by Fluxys, various site visits and information sessions to explain the company's activities. Managerial staff play an active role in the induction programme and are responsible, among other things, for settling new recruits into their team.

Number of hours of training. In 2009, almost 50,000 hours of training were conducted at Fluxys and Fluxys LNG, compared with 38,800 in 2008 and 39,000 in 2007. Almost 97% of Fluxys staff and 100% of Fluxys LNG staff followed some form of training course. Just over 80% of all training conducted in 2009 was role-specific, technical, quality-related or safety-oriented.

Special focus on career development. Fluxys places great stock on staff development and as such encourages staff mobility with the company. The latter entails not only promotion to a higher level with the Group but also sideways shifts to positions at the same level but in a different team. When vacancies arise within Fluxys and Fluxys LNG, existing staff are invited to apply first before the positions are advertised externally and in the case of structural and organisation changes within the Group, the skills of its existing staff are analysed to determine how best those staff might otherwise be deployed within the company. In 2009, 6.5% of staff opted to take on a different role within the company. Together with the Group's 113 new recruits, such career changes pose a real challenge in terms of integrating the staff involved into the company.

Job mobility



Benchmark objectives. Each year, Fluxys sets out its corporate objectives, which are then converted into departmental and individual objectives. The employees council also sets collective objectives, i.e. practical goals concerning, among other things, safety, communication and cost reduction, which all staff must achieve together.

Pilot mobility project in two sectors. In 2009, Fluxys launched a pilot project enabling staff working in a regional operating sector to start their daily work at home rather than having first to sign in at the main sector building. Once the project has been evaluated and conclusions drawn, the system could be extended to all operating sectors.

4.3 ENVIRONMENT

KEY ELEMENTS IN ENVIRONMENTAL POLICY

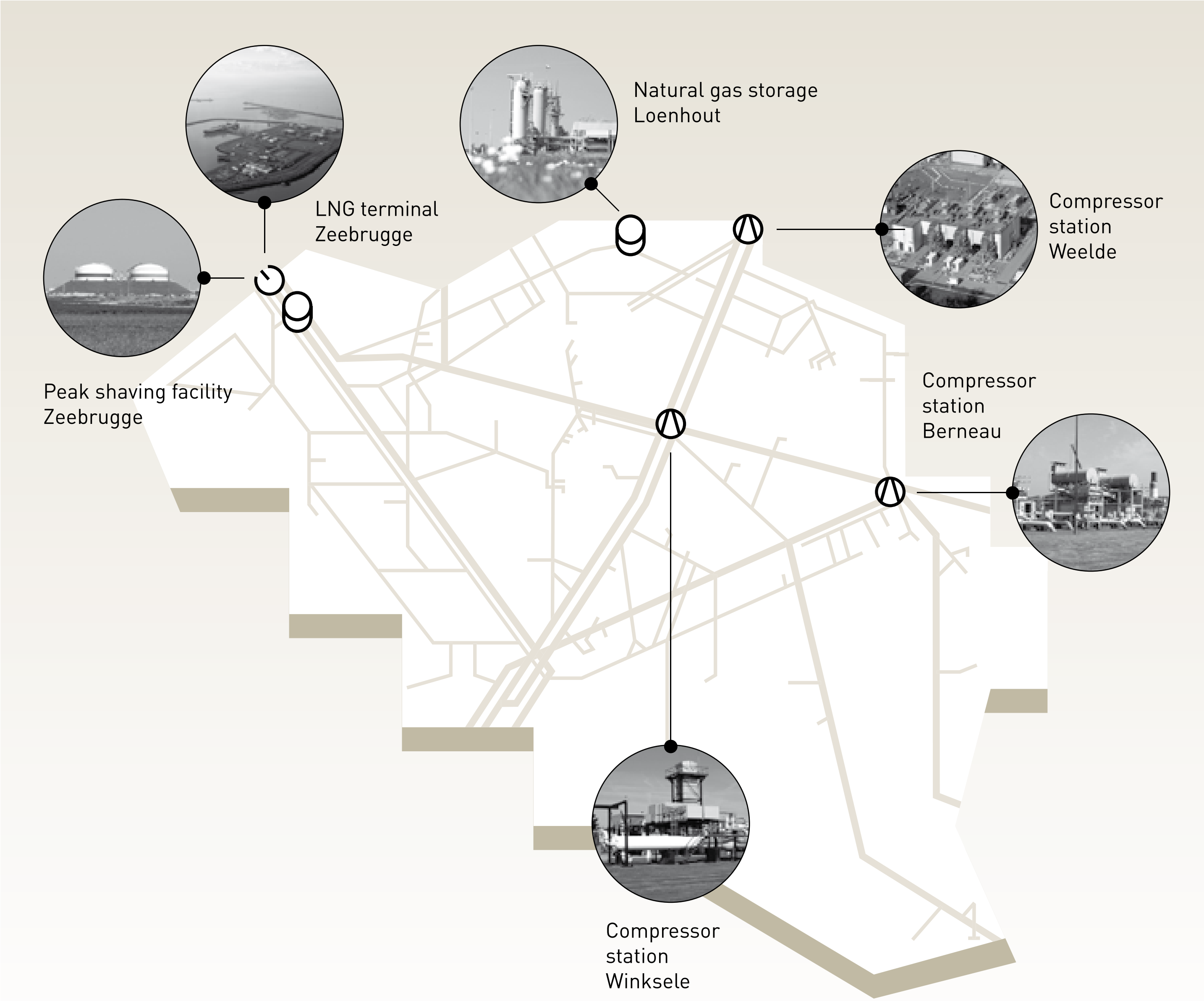
Systematically further reducing minimal environmental impact. Traditional modes of transport are no match for underground pipeline transmission when it comes to use of space, safety, energy efficiency and environmental impact. Of all the modes of transport available, transmission by pipeline represents the lowest real cost for society. With regard specifically to environmental impact, transmission by pipeline scores highly against all relevant indicators, i.e. noise, air pollution, soil pollution, visual impact and effects on the countryside. Fluxys' environmental policy is designed to further systematically limit the already minimal environmental impact and to this end the company utilises the best available technologies.

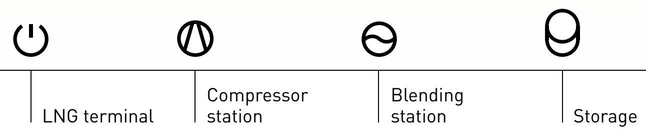
KYOTO SITES

Kyoto Protocol. In line with the Kyoto Protocol, in 1990 the European Union set the maximum permitted level for production of greenhouse gases for the period 2008-2012 at 92% of 1990 emissions levels. The European Commission issued an Emissions Trading Directive in order to comply with these commitments. The directive took effect on 1 January 2005. In Belgium, tradable emissions are distributed across the three regions. Within each region, they are then allocated to each industrial site that emits a certain quantity of greenhouse gases.

Six Kyoto sites. Fluxys has six sites governed by the Kyoto Protocol.

- In accordance with the EU directive, Fluxys holds CO_2 emission rights for each of its Kyoto sites.
- As per the directive, Fluxys applies monitoring protocols to its Kyoto sites. Monitoring protocols are sets of procedures used to monitor daily emissions of CO_2 and to report them by type of consumption. Every year all of the procedures undergo both an internal and external audit. Neither the internal nor external audits identified any non-conformities in 2009.
- Fluxys also prepares an annual emissions report for each Kyoto site in line with the directive. These reports are then audited externally. The conclusions of the external audit were also positive.


Natural gas storage
Loenhout
LNG terminal
Zeebrugge
Compressor
station
Weelde
Peak shaving facility
Zeebrugge
Compressor
station
Berneau
Compressor
station
Winksele


LNG terminal
Compressor
station
Blending
station
Storage

KYOTO SITES

FOCUS ON ENERGY EFFICIENCY

Commitment to joining the global energy-efficiency elite

Global benchmarking. On its own initiative, Fluxys joined the Flanders Benchmarking Covenant on energy efficiency *(Benchmarking Covenant Vlaanderen)*, whereby the company made a commitment to channel the necessary investment into its Kyoto facilities in order to join and remain in the global energy-efficiency elite. The benchmarking involves comparing the energy performance of the sites in question every four years to comparable facilities around the world. Proposals are then drawn up on improving energy efficiency.

The first benchmarking exercise carried out in 2006 revealed that the LNG terminal and the Winksele compressor station exceeded or equalled the target values, while the other Kyoto sites were very close to the target values. In 2008, these facilities also achieved the highest benchmarking standard.

Energy-management plans. To implement the agreement, Fluxys drew up several energy-management plans detailing all the changes to be made to meet the 2012 benchmarking standard. In 2009, Fluxys continued to meet its schedule as regards measures to increase energy efficiency. In 2010, all energy-management plans will be updated and a decision will be taken as to whether new viable investment can be provided to boost energy efficiency further

Robust approach to rational use of energy (RUE

New infrastructure projects: energy study. Fluxys carries out a thorough energy study into any project for new natural gas transmission infrastructure that will consume a significant amount of energy. This study is used to identify the most effective solution for improving the project's energy efficiency. In 2009, energy studies were conducted for two major projects:

- Winksele compressor station: additional compression facilities and replacement of existing ones;
- Zeebrugge LNG terminal: Open Rack Vaporiser project (see p.165).

Buildings: energy-saving measures. The Energy Performance and Indoor Climate Decrees passed by the Flemish, Walloon and Brussels Capital Regions encourage the use of renewable energy sources and, among other measures, impose insulation criteria for new buildings and renovations. In accordance with these obligations, Fluxys is examining the possibility of implementing energy-saving measures in its new construction projects. This involves low-energy lighting and using solar water heaters or heat pumps to produce hot water. In 2009, the main Fluxys projects involving new buildings were the the administrative building in the Weelde compressor station and the new building at the Loenhout storage facility A study is also under way to construct a new building for housing the regional operating sector in Wetteren sector and to renovate the building of the regional operating sector in Genk.

Fluxys' goal is to adopt the same approach for all buildings in all the Regions. In 2009, the measures and recommendations prompted by the energy scan of Fluxys' registered office in Brussels in 2008 were implemented. An energy scan was also carried out at the premises of the regional operating sector in Grâce-Hollogne sector during 2009. An action plan will be compiled in 2010 on the basis of this scan.

LNG Terminal: open rack vaporiser. In connection with the environmental permit for the first capacity enhancement of the Zeebrugge LNG terminal (2004-2008), in recent years Fluxys has looked into the feasibility of adding an Open Rack Vaporizer (ORVs) to the new regasification facility. ORVs heat LNG using heat from seawater and their use would lead to a significant reduction in energy consumption. Less frequent use of conventional LNG vaporizers would also mean a reduction in emissions of carbon dioxide and nitrogen oxide.

In 2009, Fluxys decided to build an ORV and consulted the relevant federal and regional authorities. An environmental impact assessment and an energy study were also conducted and the company submitted its application for an environmental licence for the ORV project to the relevant authorities in late 2009.

INDICATORS

Noise

Stations. In recent years, Fluxys has carried out studies and pilot projects on silencing technology. This technology is fitted as standard in new stations and is gradually being implemented in existing stations. Against this backdrop, Fluxys has applied noise-reduction measures in its Weelde compressor station and has installed sound insulation at the Merelbeke and Rijkevorsel pressure-reducing stations. At the Wasmuel pressure-reducing station, the pressure regulator has been surrounded by a soundproof casing.

Sites. An external company took noise-level readings on Fluxys sites with a view to ascertaining the precise sound levels experienced by local residents and wildlife. It emerged from the study that the steps routinely taken by Fluxys are broadly sufficient to keep noise to an acceptable level..

Air

combustion of natural gas produces nitrogen oxides (NO_x) and carbon dioxide (CO_2). Pressure-reducing stations can also produce a small amount of methane (CH_4). Methane may also be emitted during work on pipelines or when compressor stations are started or stopped.

Fluxys systematically measures emissions at all of its combustion facilities. These systematic measurements enable the Group to fine-tune its facilities so as to increase their energy efficiency and keep levels of harmful emissions to a minimum.

Nature conservation

Fluxys takes great pains to conserve ecosystems in areas where pipelines are laid. Where required, the company carries out environmental impact assessments for new projects. The environmental impact assessments must be approved by the relevant authorities.

Environmental Impact Assessments. The following environmental impact assessments (EIAs) were submitted in 2009 and approved by the authorities:

- laying the Ghent-Zeehaven part of the RTR2 pipeline;
- construction of an Open Rack Vaporizer at the Zeebrugge LNG terminal.

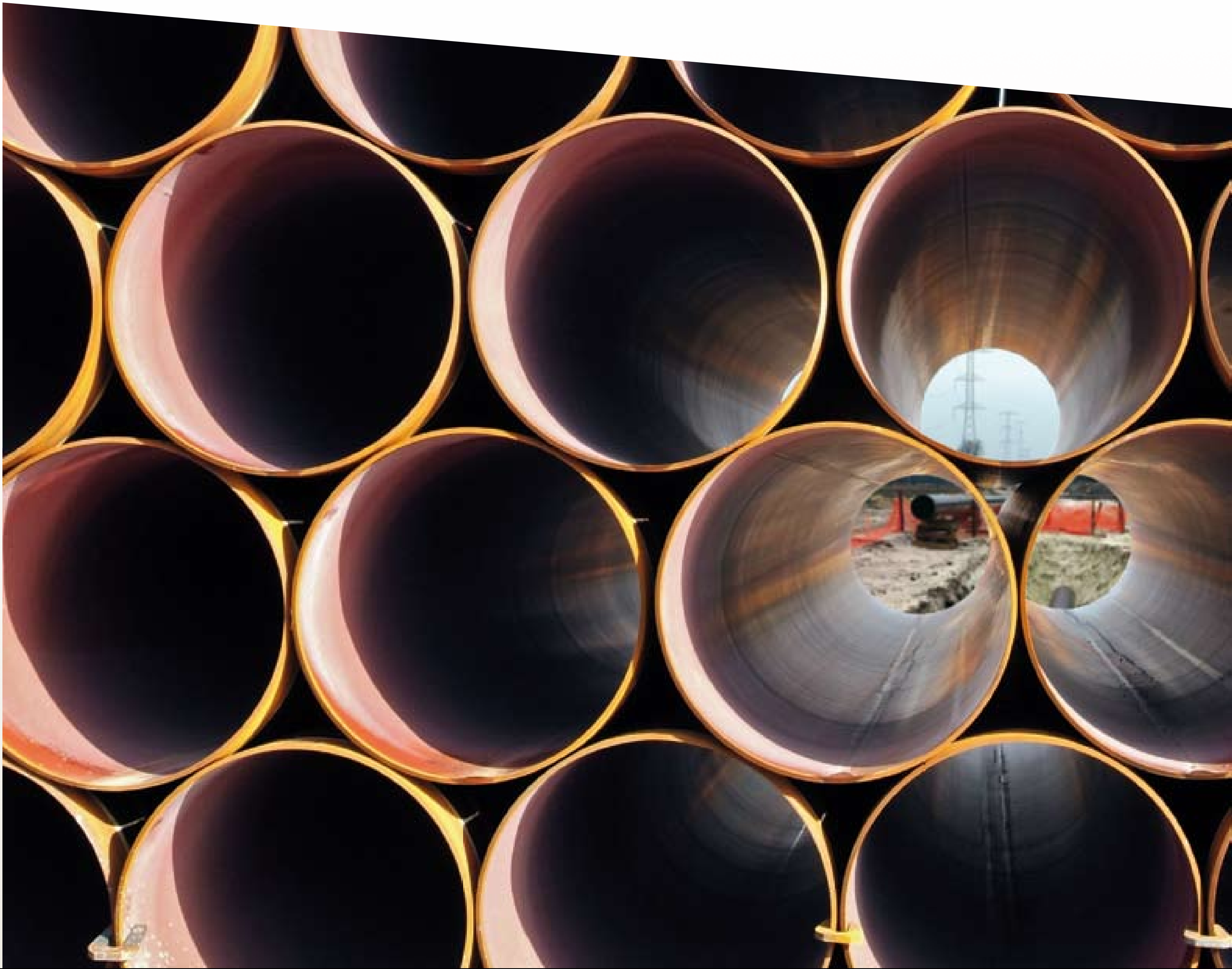
The following EIAs are currently under way:

- laying of the RTR2 pipeline from Zomergem to Opwijk;
- laying of the pipeline between Tessenderlo and Diest;
- laying of the pipeline from Wilsele to Loenhout;
- laying of the pipeline from Herentals to Ham;
- laying of the pipeline between the Zeebrugge and Dudzele peak-shaving facilities and Oostkerkstraat.

Promoting nature. The route of the new Fluxys RTR2 pipeline in the Fouron region runs close to the Berwinne river. Fluxys has bought a piece of land close to the Berwinne where it plans to work with the Flemish authorities to implement a natural development plan.

The plan was approved by the Flemish authorities in 2009 and will be implemented step by step. It essentially involves planting hedges and wooded banks to provide added rural value and to shore up the ecosystem formed by the Berwinne and its surrounding flora and fauna.

An environmental landscape assessment was also conducted when designing the valve junction on the RTR pipeline at Tongres. Plants which are typical of the area will be cultivated in order to make the junction nicely blend into its natural surroundings.



In Montzen, pipes were stored for the construction of the second pipeline on the east/west-axis which started in February 2010.

IV. CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS

I. GENERAL INFORMATION ON THE COMPANY

CORPORATE NAME AND REGISTERED OFFICE

The registered office of the parent company Fluxys SA is Avenue des Arts 31, B – 1040 Brussels, Belgium.

GROUP ACTIVITIES

The main activities of Fluxys Group are the transmission and storage of natural gas as well as terminalling services for liquefied natural gas (LNG) in Belgium. Fluxys Group also carries out complementary services related to these main activities.

The transmission, storage and LNG terminalling services in Belgium are subject to the Gas Law[1].

Please refer to the specific chapters in the directors' report for further information on the activities of Fluxys Group.

(1) Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines as later amended.

II. CONSOLIDATED FINANCIAL STATEMENT OF THE FLUXYS GROUP UNDER IFRS

A. CONSOLIDATED BALANCE SHEET (2009-2008)

Consolidated balance sheet under IFRS			(In thousands of euro)
	Note	**31-12-2009**	**Restated 31-12-2008 (1)**
I. Non-current assets		**2,739,610**	**2,551,407**
Property, plant and equipment	12	2,326,330	2,210,260
Intangible assets	13	296,485	304,214
Goodwill	14	3,465	3,230
Other financial assets	16	84,242	2,989
Finance lease receivables	17	29,088	30,486
Other non-current assets	18	0	228
Deferred tax assets	28	0	0
II. Current assets		**704,555**	**363,445**
Inventories	19	67,851	67,981
Other current financial assets	33	23,250	22,552
Current tax receivable	20	4,838	26,125
Finance lease receivables	17	1,395	1,093
Trade and other receivables	21	64,511	71,792
Short-term investments	22	16,025	0
Cash and cash equivalents	22	514,389	166,658
Other current assets	23	12,296	7,244
Total assets		**3,444,165**	**2,914,852**

(1)The restatements are analysed in detail in Note 3.

Consolidated balance sheet under IFRS			(In thousands of euro)
	Note	**31-12-2009**	**Restated 31-12-2008**
I. Equity	24	**1,388,995**	**1,330,763**
Equity attributable to the equity holders of the parent		1,369,083	1,311,086
Share capital and share premiums		60,310	60,310
Retained earnings		1,309,992	1,252,506
Translation adjustments		-1,219	-1,730
Non-controlling interests		19,912	19,677
II. Non-current liabilities		**1,659,646**	**1,178,477**
Interest-bearing borrowings	25	1,040,580	534,157
Provisions	26	23,542	23,541
Provisions for employee benefits	27	65,165	72,196
Deferred tax liabilities	28	530,359	548,583
III. Current liabilities		**395,524**	**405,612**
Interest-bearing borrowings	25	81,998	186,500
Provisions	26	178,232	95,486
Provisions for employee benefits	27	4,342	4,789
Other financial liabilities	33	3,806	3,333
Current tax payable	29	11,717	8,361
Trade and other payables	30	113,034	103,659
Other liabilities	31	2,395	3,484
Total liabilities and equity		**3,444,165**	**2,914,852**

B. CONSOLIDATED INCOME STATEMENT (2009-2008)

Consolidated income statement under IFRS			(In thousands of euro)
	Note	**31-12-2009**	**Restated 31-12-2008**
Operating revenue	4	688,030	592,203
Other operating income	5	8,360	13,224
Consumables, merchandise and supplies used	6	-30,332	-30,498
Miscellaneous goods and services	6	-159,562	-148,242
Employee expenses	6	-114,615	-106,474
Other operating charges	6	-9,514	-8,117
Depreciation and amortisation	6	-122,830	-89,157
Provisions	6	-77,468	-53,728
Impairment losses	6	-115	-3,140
Profit from continuing operations		**181,954**	**166,071**
Gain/loss on disposal of financial assets	7a	198	3,016
Change in the fair value of financial instruments	8	668	-2,531
Financial income	7b	11,603	24,400
Financial expenses	8	-40,554	-35,398
Profit/loss from continuing operations after net financial results		**153,869**	**155,558**
Other non-operating income	9a	0	7,499
Income tax expense	9b	-48,712	-45,079
Net profit for the period	10	**105,157**	**117,978**
Fluxys share		103,242	116,047
Non-controlling interests		1,915	1,931
Basic earnings per share, attributable to equity holders of the parent in €	11	146.9	165.2
Diluted earnings per share attributable to equity holders of the parent in €	11	146.9	165.2

C. Consolidated statement of comprehensive income (2009-2008)

Consolidated statement of comprehensive income			(In thousands of euro)
	Note	31-12-2009	Restated 31-12-2008
Net profit for the period	10	**105,157**	**117,978**
Actuarial gains/losses on provisions for post-employment benefits	26	3,435	-15,205
Translation adjustments		511	-1,196
Other		0	0
Other comprehensive income		3,946	-16,401
Comprehensive income for the period		**109,103**	**101,577**
Fluxys share		107,181	99,673
Non-controlling interests		1,922	1,904

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity (In thousands of euro)

	Share capital	Share premium	Retained earnings	Translation adjust-ments	Treasury shares	Equity attributable to equity holders of the parent	On-co interests	Total equity
I. ENDING BALANCE AS AT 31-12-2007	**60,272**	**38**	**1,157,275**	**-534**	**0**	**1,217,051**	**22,596**	**1,239,647**
1. Profit for the period			116,047			116,047	1,931	117,978
2. Other comprehensive income for the period			-15,178	-1,196		-16,374	-27	-16,401
3. Surplus on revaluation of assets			37,169			37,169		37,169
4. Dividends paid			-42,861			-42,861	-4,769	-47,630
5. Change in consolidation scope						0		0
6. Other changes			54			54	-54	0
II. ENDING BALANCE AS AT 31-12-2008 RESTATED	**60,272**	**38**	**1,252,506**	**-1,730**	**0**	**1,311,086**	**19,677**	**1,330,763**

Consolidated statement of changes in equity (In thousands of euro)

	Share capital	Share premium	Retained earnings	Translation adjust-ments	Treasury shares	Equity attributable to equity holders of the parent	On-co interests	Total equity
II. ENDING BALANCE AS AT 31-12-2008 RESTATED	**60,272**	**38**	**1,252,506**	**-1,730**	**0**	**1,311,086**	**19,677**	**1,330,763**
1. Profit for the period			103,242			103,242	1,915	105,157
2. Other comprehensive income for the period			3,428	511		3,939	7	3,946
3. Dividends paid			-49,184			-49,184	-1,687	-50,871
4. Change in consolidation scope						0		0
5. Other changes						0		0
III. ENDING BALANCE AS AT 31-12-2009	**60,272**	**38**	**1,309,992**	**-1,219**	**0**	**1,369,083**	**19,912**	**1,388,995**

E. CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

Consolidated statement of cash flows (indirect method)		(In thousands of euro)
	31-12-2009	**Restated 31-12-2008**
I. Cash and cash equivalents, beginning place	**166,658**	**219,500**
II. Net cash flows relating to operating activities	**354,363**	**277,044**
1. Cash flows from operating activities	**418,155**	**335,291**
1.1 Profit from operations	181,954	166,071
1.2 Non cash adjustments	201,028	146,393
1.2.1. Depreciation and amortisation	122,830	89,157
1.2.2. Provisions	77,468	53,728
1.2.3. Impairment losses	115	3,140
1.2.4. Translation adjustments	276	-2,161
1.2.5. Other non cash adjustments	339	2,529
1.3 Changes in working capital	35,173	22,827
1.3.1. Inventories	24	-36,818
1.3.2. Tax receivable	21,287	-25,234
1.3.3. Trade and other receivables	7,272	20,009
1.3.4. Other current assets	-5,052	8,073
1.3.5. Tax payable	3,356	7,091
1.3.6. Trade and other payables	9,375	50,460
1.3.7. Other current liabilities	-1,089	-754
1.3.8. Other changes in working capital	0	0
2. Cash flows relating to other operating activities	**-63,792**	**-58,247**
2.1 Tax receivable	-68,701	-69,172
2.1.1. Income taxes	-48,712	-45,079
2.1.2. Deferred taxes	-19,989	-24,093
2.2. Interest from marketable securities, cash and cash equivalents	4,988	11,954
2.3. Other inflows (outflows) relating to other operating activities	-79	-1,029
III. Net cash flows relating to investing activities	**-312,070**	**-1,190,046**
1. Acquisitions	**-318,326**	**-1,193,829**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-237,071	-209,253
1.2. Payments to acquire subsidiaries, joint ventures or associates	0	-981,637
1.3. Payments to acquire other financial assets	-81,255	-2,939

Consolidated statement of cash flows (indirect method)		(In thousands of euro)
	31-12-2009	Restated 31-12-2008
2. Disposals	**6,108**	**3,783**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	5,900	844
2.2. Proceeds from disposal of subsidiaries, joint ventures or associates	0	1,370
2.3. Proceeds from disposal of other financial assets	208	1,569
3. Dividends received classified as investing activities	**148**	**0**
4. Government grants received	**0**	**0**
5. Other cash flows relating to investing activities	**0**	**0**
IV. Net cash flows relating to financing activities	**305,438**	**315,282**
1. Proceeds from cash flows from financing	**497,925**	**410,847**
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance lease	1,096	9,970
1.4. Proceeds from other non-current assets	228	301
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	496,601	400,576
2. Repayments relating to cash flows from financing	**-94,680**	**-27,966**
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	-19,052	-18,276
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-75,628	-9,690
3. Interest	**-30,911**	**-19,970**
3.1. Interest paid classified as financing	-31,506	-26,151
3.2. Interest received classified as financing	595	6,181
4. Dividends paid	**-50,871**	**-47,629**
5. Increase (-)/Decrease (+) of short-term investments	**-16,025**	**0**
6. Bank overdrafts increased (decreased)		
7. Other cash flows relating to financing activities		
V. Net increase in marketable securities, cash and cash equivalents	**347,731**	**-597,720**
VI. Effects of changes in scope of consolidation		**544,878**
VII. Cash and cash equivalents, ending balance	**514,389**	**166,658**

III. NOTES

NOTE 1a. STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of the Fluxys Group have been prepared in accordance with the International Financial Reporting Standards, as approved by the European Union. All figures are stated in thousands of euro.

NOTE 1b. JUDGMENT AND USE OF ESTIMATES

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date, and to form a judgment as to the revenues and expenses of the fiscal year.

Significant estimates made by the Group in the preparation of the financial statements relate mainly to the evaluation of the recoverable amount of property, plant and equipment, and intangible assets, and the valuation of provisions, in particular for litigation and for pension and related liabilities.

Due to the uncertainties inherent in all valuation processes, the Group revises its estimates on the basis of regularly updated information. Future results may differ from these estimates.

Other than the use of estimates, Group management also uses judgment in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations currently in force.

As more fully described in the directors' report, Fluxys has appealed against the tariff decisions made by CREG in 2008.

In the absence of final legal judgments at the date of issuance of these financial statements and notwithstanding the fact that the Group formally disputes the CREG positions, the Group has decided as a precautionary measure, as it did in 2008, to provide for the effects of the contested decisions of the regulator.

NOTE 1c. DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of Fluxys SA authorized these IFRS financial statements for issue on 10 March 2010.

NOTE 1d. CHANGES OR ADDITIONS TO THE ACCOUNTING PRINCIPLES AND POLICIES

In 2009, changes or additions were made to the following accounting principles and policies:

Changes and additions:

Tangible fixed assets

Investments intended to increase the security of supply in Europe.

As from 2009, the new regulated investments intended to increase the security of supply in Europe are depreciated using a diminishing balance method, which more accurately reflects the rate at which Fluxys expects to consume the future economic benefits of these assets.

This depreciation method, which was approved by the Fluxys Board of Directors at its meeting of 10 March 2010, had no impact on the company's results, since depreciation charges are covered by the regulated tariffs.

Investments related to the extension of the Zeebrugge LNG terminal.

The investments related to the extension of the Zeebrugge LNG terminal are depreciated over a useful life of 20 years, in line with the rate at which the Group expects to consume the economic benefits of these assets.

The impact of this new depreciation rule was an additional charge of €5,124 thousand in 2009.

NOTE 1e. ADOPTION OF NEW ACCOUNTING PRINCIPLES OR REVISED IFRS STANDARDS

At the date of authorization of these financial statements, the standards and interpretations listed below have been issued but are not yet mandatory:

IFRS 3 - *Business Combinations* (revised in 2008) (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).

IFRS 9 - *Financial Instruments* (applicable for annual periods beginning on or after 1 January 2013).

Improvements to IFRS (2008-2009) (under normal circumstances, applicable for annual periods beginning on or after 1 January 2010).

Amendments to IFRS 1 – *First-time Adoption of International Financial Reporting Standards* – Additional Exemptions (under normal circumstances, prospectively applicable for annual periods beginning on or after 1 January 2010).

Amendments to IFRS 1 – *First-time Adoption of International Financial Reporting Standards – Exemptions on IFRS 7* (applicable for annual periods as from 1 July 2010).

Amendments to IFRS 2 – *Share-based Payment* (applicable for annual periods beginning on or after 1 January 2010).

Amendments to IAS 24 – *Related Party Disclosures* (applicable for annual periods beginning on or after 1 January 2011). This version of the standard replaces the version published in 2003.

Amendments to IAS 27 – *Consolidated and Separate Financial Statements* (revised in 2008) (applicable for annual periods beginning on or after 1 July 2009).

Amendments to IAS 32 – *Financial Instruments: Presentation – Classification of Rights Issues* (applicable for annual periods beginning on or after 1 February 2010).

Amendments to IAS 39 – *Financial Instruments: Recognition and Measurement – Eligible hedged items* (applicable for annual periods beginning on or after 1 July 2009).

IFRIC 15 – *Agreements for the Construction of Real Estate* (applicable for annual periods beginning on or after 1 January 2010).

IFRIC 17 – *Distributions of Non-cash Assets to Owners* (applicable for annual periods beginning on or after 1 July 2009).

IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments* (applicable for annual periods beginning on or after 1 July 2010).

Amendments to IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement* (applicable for annual periods beginning on or after 1 January 2011).

Group management believes that the application of these standards and interpretations will have no material impact on the Group's financial statements in the future.

NOTE 2. ACCOUNTING PRINCIPLES AND POLICIES

The accounting principles and policies set out below were approved at the Fluxys Board of Directors meeting of 10 March 2010. Changes or additions compared to 2008 are underlined.

2.1 General principles

The financial statements fairly present Fluxys Group's financial position, results of operations and cash flows.

The Group's financial statements have been prepared on the accrual basis of accounting, except for the statement of cash flows.

Assets and liabilities have not been offset against each other, except when required or allowed by an international accounting standard.

Current and non-current assets and liabilities have been presented separately in the balance sheet.

The accounting policies have been applied in a consistent manner.

2.2 Basis of consolidation

Fluxys Group's consolidated financial statements have been prepared in accordance with IFRS, in particular IFRS 3 (*Business Combinations)*, IAS 27 *(Consolidated and Separate Financial Statements)*, IAS 28 *(Investments in Associates)* and IAS 31 (*Interests in Joint Ventures).*

Subsidiaries (controlled by the Group) are fully consolidated (IAS 27), joint ventures (jointly controlled) are consolidated using proportionate consolidation (IAS 31) and associates (upon which the Group has significant influence) are accounted for under the equity method (IAS 28).

Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the contractually agreed sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control or joint control over these policies (applicable for annual periods beginning on or after 1 July 2009)

An associate is not accounted for under the equity method if its impact on the financial statements is immaterial.

2.3 Balance sheet date

The consolidated financial statements are prepared as of 31 December, i.e. the parent company's balance sheet date.

When the balance sheet date of a subsidiary, a joint venture, or an associate falls between 30 September and 31 December, its financial statements are used as they stand. However, if significant transactions or events occur between the balance sheet date of the subsidiary, the joint venture, or the associate and 31 December, adjustments are made to account for the impact of these significant transactions and other events.

If the balance sheet date is prior to 30 September, interim financial statements are prepared as at 31 December for consolidation purposes.

2.4 Events after the balance sheet date

The carrying amount of assets and liabilities at the balance sheet date is adjusted when events after the balance sheet date provide evidence of conditions that existed at the balance sheet date.

Adjustments can be made until the date of authorization for issue of the financial statements by the Board of Directors.

Other events relating to circumstances arising after balance sheet date are disclosed in the notes to the consolidated financial statements, if significant.

2.5 Translation of foreign entities' financial statements

For consolidation purposes, the assets and liabilities of the Group's foreign operations are translated into euro at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at the average exchange rate for the period unless the exchange rate has fluctuated significantly during the year.

The Group's share of the resulting exchange differences is reported as translation adjustment in the equity section of the balance sheet, whereas the non-controlling interests' share in those differences is reported as 'non-controlling interests' in equity.

2.6 Goodwill

Goodwill represents the excess, at acquisition date, of the cost of a business combination over the purchaser's share in the net fair value of identifiable assets, liabilities and contingent liabilities.

- If this difference is positive, goodwill is recognized as an asset. An impairment test is carried out each year, even when there is no indication that goodwill may have been impaired, or more frequently if events or changes in circumstances indicate that goodwill may have been impaired (IFRS 3 – *Business Combinations*).
- If the difference is negative, negative goodwill is recognized in the income statement.

2.7 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the enterprise and if the cost of the asset can be measured reliably.

Intangible assets are recognized at cost in the balance sheet (cost method), less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with a limited useful life are amortised over their useful life.

Computer software is amortised at 20% per annum.

Subsequent expenditure is capitalized if it generates economic benefits exceeding the initial standard of performance.

Intangible assets are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the fiscal year. In case such indications are noted, an estimate of the recoverable amount of the intangible assets in question is made. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.

The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discounting rate.

Intangible assets are impaired when their carrying amount exceeds the amount that can be recovered, as a result of obsolescence of these assets or due to economic or technological circumstances.

Intangible assets with an indefinite useful life are subject to an annual impairment test, and an impairment loss is recognized when their carrying amount exceeds their recoverable amount.

The useful life, the amortisation method, as well as the potential residual value of intangible assets are reassessed at each balance sheet date and revised prospectively, if applicable.

Emission rights for greenhouse gases

Emission rights for greenhouse gases acquired at fair value are recognized as intangible assets at their acquisition cost. Rights granted free of charge are recognized as intangible assets at a nil book value.

The emission of greenhouse gases in the atmosphere is recognized as an operating expense, the corresponding entry being a liability for the obligation to deliver allowances covering the effective emission over the period concerned (other debts).

This expense is measured by reference to the weighted average cost of the acquired or granted allowances. This liability is derecognized on the delivery of allowances to the government by withdrawing emission rights from intangible assets.

In case the allowances are insufficient to cover the emission of greenhouse gases during the fiscal year, the Group establishes a provision. This provision is measured by reference to the market value at the balance sheet date of the allowances yet to be purchased.

The excess emission rights not sold on the market are valued at the balance sheet date by reference to the weighted average cost of the acquired or granted allowances, or at market value if lower than the weighted average cost.

2.8 Property, plant and equipment

Property, plant and equipment (PPE) is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the enterprise and if the cost of the asset can be measured reliably.

PPE is recognized at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalized if it generates economic benefits exceeding the initial standard of performance.

PPE is reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In the event that such indications are noted, an estimate of the recoverable amount of the PPE in question is established. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.

The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discounting rate.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards included in the ownership of an asset to the lessee. Assets held under these contracts are recognized at the lower of their fair value and the present value of the minimum lease payments under the lease contracts. The corresponding liability is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability for each period.

Capital subsidies and tax deductions for investment

Subsidies related to property, plant and equipment as well as contributions by third parties in the funding of such assets are deducted from the acquisition cost of these assets.

The tax benefit arising from the deductions for investment reduces the gross value of the related assets, the corresponding entry being deferred taxes.

Depreciation methods

PPE is depreciated over its useful life.

Each significant component of PPE is recognized separately and depreciated over its useful life.

The depreciation method reflects the rate at which the Group expects to consume the future economic benefits related to the asset.

The regulated investments intended to increase the security of supply in Europe are depreciated under a diminishing balance method, which more accurately reflects the rate at which the Group expects to consume the future economic benefits of these assets.

The main useful lives are as follows:

- 50 years for pipelines related to transmission in Belgium, terminalling facilities and tanks;
- 50 years for administrative buildings and staff housing and facilities;
- 40 years for storage and LNG ship facilities;

- 33 years for industrial buildings;
- 20 years for investments related to the extension of the Zeebrugge LNG terminal;
- 10 years for equipment and furniture;
- 5 years for vehicles and site machinery;
- 4 years for computer hardware;
- 3 years for prototypes;
- 10 to 40 years for other installations.

The useful life, the depreciation method and the potential residual value of PPE are reassessed at each balance sheet date and revised prospectively, if applicable.

2.9 Unconsolidated investments (such as shares and equity rights)

Unconsolidated equity investments are recognized at fair value or at cost if their fair value cannot be reliably established.

Changes in fair value are recognized directly in other comprehensive income until the asset is derecognized, at which time the cumulative amount in other comprehensive income is transferred from equity to the income statement.

In case of objective indications of impairment of unconsolidated equity investments, an impairment test is carried out, and, if necessary, an impairment loss is directly recognized in the income statement.

2.10 Finance lease receivables

Assets under finance lease are assets for which the Group transfers substantially all risks and rewards related to the economic ownership to the lessee. Assets leased under such contracts are recognized on the balance sheet as receivables in an amount equal to the net investment in the lease contract in question. Lease payments are apportioned between financial income and a reduction of the lease receivable so as to achieve a constant rate of return on the net investment by the Group in the finance lease contract.

When the classification of contracts under finance lease is based on the present value of the minimum lease payments, the following criteria is adopted: a contract is considered as finance lease if the present value of the minimum lease payments amounts to at least 90% of the fair value of the leased asset at the inception of the lease contract. No residual value is assumed for gas transmission assets in Belgium, due to the specific nature of the activities concerned.

2.11 Inventories

Valuation

Inventories are valued at the lower of cost and net realisable value.

Inventories are written down to account for:

- a reduction in net realisable value; or
- impairment losses due to unforeseen circumstances related to the nature or use of the assets.

These write-offs on inventories are recognized to the income statement in the period in which they arise.

Gas inventory

Gas inventory changes are valued under the weighted average cost method.

Supplies and consumables

Supplies and consumables are valued under the weighted average cost method.

Work in progress

Work in progress for third parties is valued at cost, including indirectly attributable costs.

When the outcome of a contract can be reliably estimated, contract revenue and expenses are recognized as revenue and expenses respectively by reference to the stage of completion of the contract at balance sheet date. Any expected loss is recognized immediately as an expense in the income statement.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, building or production of assets requiring a substantial period of time to get ready for their intended use (property, plant and equipment, inventories, investment property, etc.) are added to the costs of the assets concerned until they are ready for use or sale.

The amount of the borrowing costs to be capitalized is the actual cost incurred in borrowing the funds, as reduced by income from any temporary investment of these funds.

2.13 Financial instruments

Investments

Investments in financial instruments with a maturity date exceeding three months at their acquisition date are reported as financial assets at fair value with changes to the income statement. Changes in the fair value of these financial assets are directly recognized in the income statement.

Derivative instruments not designated as hedging instruments

Fluxys Group uses derivative financial instruments to hedge its exposure to exchange and interest rate risks. Certain financial instruments, although hedging clearly defined risks, do not meet the strict criteria for the application of hedge accounting under IAS 39 – Financial Instruments: Recognition and Measurement.

Changes in the fair value of these financial instruments are directly recognized in the income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents include marketable securities, short-term bank deposits and deposits readily convertible to a known cash amount, which are subject to an insignificant risk of changes in value (maximum of three months).

Cash equivalents are reported at fair value with changes to the income statement. Changes in the fair value of these financial assets are directly recognized in the income statement.

2.15 Trade and other receivables

Trade and other receivables are stated at their nominal value reduced by any amounts deemed unrecoverable.

When the time value of money is significant, trade and other receivables are discounted.

Impairment losses are recognized when the carrying value of these items at balance sheet date exceeds their recoverable amount.

2.16 Provisions

Provisions are recognized as a liability in the balance sheet when they meet the following criteria:

- the Group has a present (legal or constructive) obligation arising from past events; and
- it is probable (i.e. more likely than not) that the settlement of this obligation will lead to an outflow of resources embodying economic benefits; and
- the amount of the obligation can be reliably estimated.

No provision is recognized if the above conditions are not met.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, in other words the amount the enterprise reasonably expects to need to pay to discharge the obligation at balance sheet date, or to transfer it to a third party at the same date.

This estimation is based either on a request from a third party or on estimates or detailed calculations. For all provisions recognized, management considers that the probability of an outflow of resources exceeds 50%.

When the time value of money is significant, provisions are discounted. The discount rate used is a rate before tax reflecting current market estimates of the time value of money and taking into account any risks associated with the type of liability in question.

All risks incurred by the Group that do not comply with the above-mentioned criteria are disclosed as contingent liabilities in the Notes to the consolidated financial statements.

Provisions for pension benefits and other collective agreements

Fluxys has established supplementary defined benefit and defined contribution pension plans; benefits provided under these plans are based on the number of years of service and the final pay.

'Defined benefit' pension plans enable employees to benefit from a capital sum calculated on the basis of a formula which takes account of their annual salary at the end of their career and their seniority when they retire.

‘Defined contribution’ pension plans provide employees with a capital sum accumulated from personal and employer contributions.

In case of death before retirement, both plans provide a capital sum for the surviving spouse, as well as allowances for orphans.

Valuation

Pension plans are valued annually by a qualified actuary. Regular payments made in relation to the supplementary pension plans are recognized as expenses at the time they are incurred.

Provisions for pensions and other collective agreements are reported in the balance sheet in accordance with IAS 19 *(Employee benefits)*, using the projected unit credit method.

Actuarial gains and losses relating to post-employment benefits

Actuarial gains and losses arising on the measurement of the unfunded defined benefit obligation are not charged or credited to the income statement. They are recognized directly in equity as other comprehensive income.

2.17 Interest-bearing liabilities

Interest-bearing liabilities are recognized at the net amount received. Following initial recognition, interest-bearing liabilities are recorded at amortised cost. The difference between the amortised cost and the redemption value is recognized in the income statement under the effective interest rate method over the term of the liabilities.

2.18 Trade payables

Trade payables are stated at nominal value.

When the time value of money is significant, trade payables are discounted.

2.19 Foreign currency assets, rights, borrowings and commitments

Recognition at the date of the transaction

Foreign currency receivables and payables are measured at the exchange rate prevailing at the transaction date.

Measurement at balance sheet date

At balance sheet date, in accordance with IAS 21 *(Effects of Changes in Foreign Exchange Rates)*, monetary assets and liabilities, as well as rights and commitments, are translated at the closing rate.

The resulting foreign currency transaction gains and losses are recognized in the income statement.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or to be received, in case revenue is deemed to belong to the company and the fair value can be measured reliably.

Regulated revenues received by the Group may generate a gain or a loss compared to the target rate of return on the capital invested. Gains are recognized as regulated liabilities (current or non-current) in the balance sheet, whereas losses are deferred as regulated assets (current or non-current) in the balance sheet.

2.21 Income taxes

Current tax liabilities are determined in accordance with local tax regulations and are calculated on the income of the parent company and its subsidiaries, and the share of the income of the joint ventures.

Deferred tax liabilities and assets reflect the future taxable and deductible temporary differences, respectively, between the book base and the tax base of assets and liabilities.

Deferred tax liabilities and assets are measured at the enacted or substantially enacted income tax rate applicable to the financial year in which the underlying asset is expected to be realized or the underlying liability settled.

Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the future deductible temporary differences can be offset.

NOTE 3. ACQUISITIONS, DISPOSALS AND RESTRUCTURING

1. Changes in the consolidation scope

Fluxys & Co and SEGEO:

Fluxys & Co (formerly Distrigas & C°), which the Group acquired on 1 July 2008, was partially demerged in the first half of 2009. Its border-to-border gas transmission contract sales business was absorbed by Fluxys SA on 12 May 2009, with effect from 1 January 2009. The interest in the partnership under Norwegian law 'Partrederiet BW Gas Fluxys DA' and the rights and obligations associated with pending regulatory and tax disputes remain with Fluxys & Co.

Moreover, SEGEO, which owns the 's-Gravenvoeren - Blaregnies pipeline, and which has been wholly owned by Fluxys since 1 July 2008, was also absorbed by the latter on the same date and with the same retroactive effect. SEGEO has ceased to exist and consequently has been removed from the consolidation scope.

This internal restructuring of the Group had no impact on the consolidated financial statements. See the directors' report for more information in this regard.

Fluxys Europe:

Fluxys Europe is a public limited company incorporated by Fluxys (99.9%) and Flux Re (0.1%) on 10 December 2009. The object of the company, whose share capital amounts to €81,000 thousand, is the acquisition of interests in international gas concerns and the financing of such acquisitions.

Fluxys Europe was fully consolidated on 31 December 2009.

2. Fluxys & Co business combination completed

See Note 3 of the Group's 2008 financial statements for details of the acquisition.

In 2008 the Fluxys & Co business combination was accounted for provisionally due to the considerable uncertainty surrounding the regulatory situation.

The accounting for this business combination was completed in the second half of 2009 on the basis of the following principles as regards transmission activities:

- Property, plant and equipment: The fair value of acquired property, plant and equipment was determined on the basis of the Regulated Asset Base accepted by the regulator for the respective installations. The difference between this fair value and the carrying amount of the acquired assets amounted to €239,308 thousand and gave rise to the recognition of €81,341 thousand in deferred tax liabilities in the balance sheet.
- Other receivables: The financial statements of Distrigas & C° as at 30 June, 2008 were restated to include the impact of the disputed CREG decisions. The goodwill generated as a result therefrom was recognised as a receivable from the sellers in an amount of €40,013 thousand pending the judicial decisions referred to in the following paragraph.
- Intangible assets: A total of €292,101 thousand of the balance of the agreed price (€350,000 thousand net of tax) was allocated to intangible assets and €99,285 thousand was allocated to deferred tax liabilities in the balance sheet. The value of intangible assets will be ultimately determined only after the judicial decisions following the appeals that have been brought or following legislative amendments that set the scope and the term of these contracts.

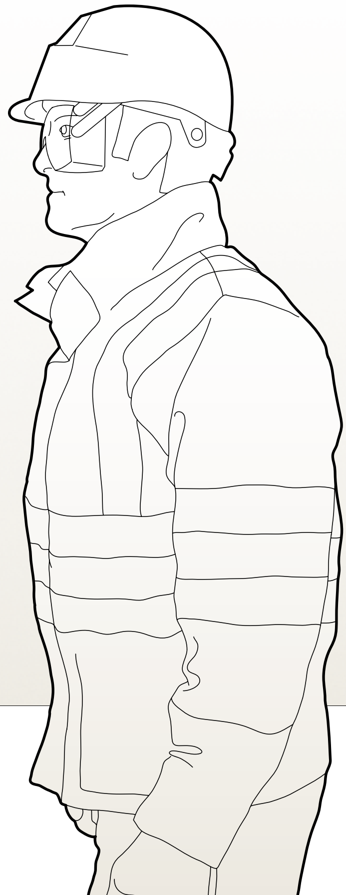
The 'Interest rate swap' financial instruments had already been booked at their fair value in 2008.

As a reminder, Fluxys obtained a guarantee of €250,000 thousand from SUEZ-Tractebel and Publigas to cover the risk of the value of the activities in question falling below the agreed upon price of €350,000 thousand as a result of legislative, regulatory or judicial decisions. This guarantee expires in 2015 (see also Note 32, item 12).

As regards the LNG ship activities, the completion of the accounting for the business combination led to an additional allocation to property, plant and equipment and related deferred tax. Consequently, the entire price paid was allocated to property, plant and equipment and to the financial instruments associated with the LNG ship activities.

Distrigas has a call option on the interest in the LNG ship. It can exercise this option for six months at the expiration of a period of three years. The exercise price of the option has been set at €70 million.

Fluxys also has a put option with SUEZ-Tractebel (or any other entity designated by SUEZ-Tractebel) on this same interest exercisable under the same conditions, should Distrigas not exercise its option. These options were valued at €7,246 thousand in the 2008 financial statements (IFRS) upon completion of the accounting for the business combination. They are included in assets in the balance sheet, under the caption 'Other financial assets'.



Impact of the completion of the accounting for the business combination:

Balance as at 01-07-2008 in thousands of €	Initial allocation for 2008	Finalization of allocation		Final allocation at 01-07-2008	Δ
		Border-to-border transmission	Ship		
Goodwill	402,638	-390,796	-11,842	0	-402,638
Property, plant and equipment	67,756	239,308	17,939	325,003	257,247
Intangible assets	0	292,101	0	292,101	292,101
Financial instruments (assets)	22,570	0	0	22,570	0
Trade and other receivables	0	40,013	0	40,013	40,013
Deferred tax	-30,299	-180,626	-6,097	-217,022	-186,723
Financial instruments (liabilities)	-1,186	0	0	-1,186	0

Impact of the completion of the accounting for the business combination:

Result for the second half of 2008 in thousands of €	Finalization of allocation		Final allocation for 2008
	Border-to-border transmission	Ship	
Net allocation to property, plant and equipment	-3,386	-318	-3,704
Net allocation to intangible assets	-5,436	0	-5,436
Change in value of financial instruments	0	7,246	7,246
Deferred tax	2,999	-2,355	644
Net profit/loss	-5,823	4,573	-1,250

Impact of the completion of the accounting for the business combination:

Bilan 31-12-2008 en k€	Initial balance	Finalization of allocation		Restated balance at 31-12-2008	Δ
		Border-to-border transmission	Ship		
Goodwill	402,638	-390,796	-11,842	0	-402,638
Property, plant and equipment	68,491	235,922	17,621	322,034	253,543
Intangible assets	0	286,665	0	286,665	286,665
Financial instruments	22,570	0	7,246	29,816	7,246
Trade and other receivables	0	40,013	0	40,013	40,013
Equity		5,823	-4,573	1,250	1,250
Deferred tax	-30,299	-177,627	-8,452	-216,378	-186,079
Financial instruments	-1,186	0	0	-1,186	0

3. Completion of the SEGEO business combination

See Note 3 of the Group's 2008 financial statements for details regarding the acquisition of an additional 25% interest in SEGEO.

In 2008 the SEGEO business combination had been accounted for provisionally due to the considerable uncertainty surrounding the regulatory situation.

The completion of the accounting for the business combination resulted in the allocation of €18,769 thousand to acquired property, plant and equipment. The fair value of these installations was calculated on the basis of 25% of the Regulated Asset Base accepted by the regulator and gave rise to the recognition of €6,380 thousand of deferred tax liabilities in the balance sheet.

This net allocation amounted to €12,389 thousand, compared to a goodwill initially measured at €4,890 thousand, and consequently generated a negative goodwill of €7,499 thousand which was directly recognised in the income statement in 2008.

Since this transaction is part of a business combination achieved in stages, the share previously held by the Group in the property, plant and equipment mentioned above was also adjusted to fair value through a revaluation of €56,308 thousand (gross).

Impact of the completion of the accounting for the business combination:

Balance as at 01-07-2008 in thousands of €	Initial allocation for 2008	Finalization of allocation		Final allocation at 01-07-2008	Δ
		Goodwill	Revaluation		
Goodwill	4,890	-4,890	0	0	-4,890
Property, plant and equipment	0	18,769	56,308	75,077	75,077
Equity	0	-7,499	-37,169	-44,668	-44,668
Deferred tax	0	-6,380	-19,139	-25,519	-25,519

Impact of the completion of the accounting for the business combination:

Result for the second half of 2008 in thousands of €	Finalization of allocation		Final allocation for 2008
	Goodwill	Revaluation	
Depreciation and amortisation	-441	-1,325	-1,766
Other non-operating income – Negative goodwill	7,499	0	7,499
Deferred tax	150	450	600
Net profit/loss	**7,208**	**-875**	**6,333**

Impact of the completion of the accounting for the business combination:

Balance as at 31-12-2008 in thousands of €	Initial balance	Finalization of allocation		Restated balance at 31-12-2008	Δ
		Goodwill	Revaluation		
Goodwill	4,890	-4,890	0	0	-4,890
Property, plant and equipment	0	18,328	54,983	73,311	73,311
Equity		-7,208	-36,294	-43,502	-43,502
Deferred tax	0	-6,230	-18,689	-24,919	-24,919

4. Information on investments

Fully consolidated companies						
Name of the subsidiary	**Registered office**	**Company number**	**% ownership**	**Core business**	**Currency**	**Closing date**
FLUXYS LNG SA	Rue Guimard 4 B - 1040 Brussels	0426 047 853	93.20 %	LNG terminalling	EUR	31 December
HUBERATOR SA	Rue Guimard 4 B - 1040 Brussels	0466 874 361	90.00 %	Hub	EUR	31 December
FLUXYS & Co SA	Avenue des Arts 31 B - 1040 Brussels	0464 255 658	100.00% (1)	LNG ship	EUR	31 December
GMSL Ltd	Clarendon Road GB - Cambridge CB2 2BH	-	100.00 %	Services	GBP	31 December
FLUXYS NL BV	Schouwburgplein 30/34 NL - 3012CL Rotterdam	-	100.00 %	Holding company	EUR	31 December
FLUXYS BBL BV	Schouwburgplein 30/34 NL - 3012CL Rotterdam	-	100.00 %	Holding company	EUR	31 December
FLUX RE SA	Rue de Merl 74 L - 2146 Luxembourg	-	100.00 %	Reinsurance company	EUR	31 December
FLUXYS EUROPE SA	Rue Guimard 4 B - 1040 Brussels	0821 382 439	100.00 % (2)	Holding company	EUR	31 December

(1) From July 1st, 2008
(2) From December 10th, 2009

Entities consolidated under the proportionate consolidation method						
Name of the joint venture	**Registered office**	**Company number**	**% ownership**	**Core business**	**Currency**	**Closing date**
BBL Company VOF	Concourslaan 17 NL - 9700AE Groningen	-	20.00 %	Gas transmission	EUR	31 December

Special partnership						
Name of the special partnership	**Registered office**	**Company number**	**% ownership**	**Core business**	**Currency**	**Closing date**
PR BW Gas/ Fluxys DA	Norway	-	49.00 % (3)	LNG ship	USD	31 December

Details regarding joint ventures included in the Group	(In thousands of euro)	
	31-12-2009*	**31-12-2008**
100%	**BBL Company VOF**	**BBL Company VOF**
Non-current assets	495,887	504,607
Current assets	16,944	14,748
Non-current liabilities	0	0
Current liabilities	18,064	8,123
Revenue	124,452	123,321
Operating expenses	-52,680	-44,864
Net financial income	263	-964
Income tax expense	-18,369**	-19,761
Net profit/loss for the period	53,666	57,732

(3) From July 1st, 2008
** Subject to approval by the Boards of Directors and the Annual General Meetings of the above-mentioned companies.*
*** Fiscally transparent company: taxes are borne by the partners.*

Entities not accounted for under the equity method due to their insignificant impact

Name of the associate	Registered office	Company number	% ownership	Core business	Currency	Closing date
BELGIAN PIPE CONTROL SA	Rue Guimard 4 B - 1040 Brussels	0446 109 037	25.00 %	Services	EUR	31 December

Main non-consolidated entities

Name of the entity	Registered office	% ownership	Core business
Interconnector (UK) Ltd	Vine Street 41 UK - London EC3N 2AA	10 %	Gas transmission
APX	World Trade Center Strawinskylaan 729 NL - 1077 XX Amsterdam	4%	Services

NOTE 4. REVENUE

Analysis of revenue by business segment

Revenue under IFRS				(In thousands of euro)
	Notes	**31-12-2009**	**31-12-2008**	**Change**
Transmission in Belgium	4.1	479,880	399,811	80,069
Storage in Belgium	4.1	44,153	47,312	-3,159
Terminalling in Belgium	4.1	93,516	76,381	17,135
Other revenue	4.2	70,481	68,699	1,782
Total		**688,030**	**592,203**	**95,827**

Revenue.
Revenue in the fiscal year 2009 amounted to €688,030 thousand, an increase of €95,827 thousand compared to €592,203 thousand in the fiscal year 2008.

Transmission, storage and terminalling services in Belgium are subject to the Gas Law.[1]

Since 2008, tariffs for contracts which are subject to a regulated tariff have been based on tariff proposals covering a multiannual four-year tariff period submitted for approval to the Commission for Electricity and Gas Regulation (CREG). These tariffs aim to ensure a sufficient return on capital invested and to cover depreciation and amortisation and operating charges related to these services, taking into account the impact of the productivity efforts to be made by the system operator.

As indicated in the foreword to the directors' report, CREG decided to reject our tariff proposals for transmission and storage services for the tariff period 2008-2011. CREG also believes that certain transit contracts concluded before 1 July 2004 (the date of the entry into force of EU Directive 2003/55/EC of 26 June 2003 concerning common rules for the internal market in natural gas) should be covered by a regulated tariff.

Fluxys decided to launch an appeal before the Court of Appeals against these decisions and to continue to apply the relevant tariffs for the time being.

The Court of Appeals has suspended the two disputed CREG decisions. These judgments are provisional and need to be confirmed by a final judgment. The procedure for annulment is continuing.

In the absence of final judgments when these financial statements were authorised for issue and although it formally disputes the CREG positions, Fluxys Group decided as a precaution to reflect the impact of the contested decisions of the regulator in its financial statements for 2009, as it had done in 2008.

(1) Law of 12 April 1965 on the transmission of gaseous and other products by pipeline, as subsequently amended.

4.1 Revenue from activities subject to the Gas Law has been positively impacted by the following factors:

- border-to-border transmission activities via the Troll and RTR pipelines contributed to revenue for a full year in 2009 as opposed to half a year in 2008, giving rise to an increase in revenue of €81,688 thousand;
- the activities of SEGEO, which were absorbed by Fluxys in 2009, were proportionately consolidated until 30 June 2008 (increasing revenue by €703 thousand);
- the commissioning of the extension facilities at the Zeebrugge LNG terminal on 1 April 2008, where the number of billed unloadings at these facilities gradually increased from 66 to 110 per year;
- the investments contributed to an increase in revenue[2].

However, these factors were mitigated by a decrease in the authorized rate of return related to the change in reference interest rates (Belgian 10-year linear bonds).

4.2 Other sources of revenue comprise, among others, services linked to the Zeebrugge gas hub, gas flow monitoring services on behalf of third parties, revenue generated by the BBL pipeline between Balgzand in the Netherlands and Bacton in the UK and revenue generated by our interest in the LNG ship and activities for third parties (cathodic protection, etc.).

The increase in other revenue of €1,782 thousand, which is mainly due to the impact of the revenue generated by the rental of the LNG ship, has been included in the accounts for a full year in 2009, as opposed to only half a year in 2008.

NOTE 5. OTHER OPERATING INCOME

Other operating income				(In thousands of euro)
	Notes	**31-12-2009**	**31-12-2008**	**Change**
Other operating income	5.1	8,360	13,224	-4,864

Other operating income mainly comprises various recoveries from insurance companies and other debtors and income earned from making company property or personnel available to third parties.

5.1 The change in other operating income is mainly due to the insurance compensation received in 2008 for claims filed in previous fiscal years.

(2) See the third paragraph on the previous page.

NOTE 6. OPERATING EXPENSES

Operating expenses excluding net amortisation, depreciation and provisions				(In thousands of euro)
	Notes	**31-12-2009**	**31-12-2008**	**Change**
Consumables, merchandise and supplies used	6.1	-30,332	-30,498	166
Miscellaneous goods and services	6.2	-159,562	-148,242	-11,320
Employee expenses	6.3	-114,615	-106,474	-8,141
Other operating expenses	6.4	-9,514	-8,117	-1,397
Total operating expenses		**-314,023**	**-293,331**	**-20,692**
Of which costs related to lease agreements		-13,252	-12,452	-800

6.1 Consumables, merchandise and supplies used

Operating expenses are incurred in relation to purchases of gas necessary for balancing activities on the gas network and on the Zeebrugge Hub as well as the gas consumed by the Group, particularly in the compressor stations.

Operating expenses also include costs for transport material taken out of inventory for maintenance and repair projects and costs for work carried out on behalf of third parties (including cathodic protection). The change observed is mainly due to the costs involved in balancing the network.

6.2 Miscellaneous goods and services

Miscellaneous goods and services comprise purchase of equipment, rent and rental charges, maintenance and repair expenses, goods and services supplied to the company, third party remuneration, royalties and contributions, non-personnel related insurance costs, transport and travel expenses, telecommunication costs, publication and information costs and, finally, temporary and support staff expenses.

Miscellaneous goods and services rose in 2009, mainly due to the costs involved in greater use of nitrogen when operating gas transformers (accounting for an increase of €1.7 million), the increased use of new installations commissioned (increase of €4.1 million) and a rise in maintenance costs (increase of €6.1 million).

At Fluxys Group level, the remuneration paid to Deloitte in its capacity of statutory auditor totalled €160,286.92. In addition, Deloitte performed other tasks for which it was paid a total of €12,000 (€7,000 for other audit work and €5,000 for non-audit work). Deloitte's remuneration in connection with the issuance of the debenture is reported in the balance sheet (€15,909).

6.3 Employee expenses

The Group's total headcount at the end of December rose from 1,080 in 2008 to 1,154 in 2009, an increase of 74 units. In FTE (full-time equivalents), the average headcount in 2009 totals 1,099.5 compared to 1,033.0 in 2008. Employee expenses increased by €8,141 thousand, due to both an increase in the headcount as detailed below and changes in salaries, mainly as a result of inflation.

Workforce	Fiscal year		Previous fiscal year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average headcount	**1,121**	**1,099.5**	**1,054**	**1,033.0**
Fluxys	**1,028**	**1,008.5**	**971**	**951.4**
Executives	307	305.1	281	279.0
Employees	721	703.4	690	672.4
Fluxys LNG	**36**	**35.2**	**34**	**33.6**
Executives	2	2.0	2	2.0
Employees	34	33.2	32	31.6
GMSL	**56**	**55.3**	**48**	**47.5**
Executives	4	4.0	4	4.0
Employees	52	51.3	44	43.5
Flux Re	**1**	**0.5**	**1**	**0.5**
Executives	0	0.0	0	0.0
Employees	1	0.5	1	0.5
Headcount at balance sheet date	**1,154**	**1,131.7**	**1,080**	**1,059.6**
Fluxys	**1,059**	**1,038.1**	**993**	**973.8**
Executives	319	316.8	294	291.8
Employees	740	721.3	699	682.0
Fluxys LNG	**36**	**35.6**	**34**	**33.8**
Executives	2	2.0	2	2.0
Employees	34	33.6	32	31.8
GMSL	**58**	**57.5**	**52**	**51.5**
Executives	4	4.0	4	4.0
Employees	54	53.5	48	47.5
Flux Re	**1**	**0.5**	**1**	**0.5**
Executives	0	0.0	0	0.0
Employees	1	0.5	1	0.5

6.4 Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposal or abandonment of PPE. The last item entailed an expense of €4,173 thousand in 2009, compared to €2,987 thousand in 2008.

Net depreciation, amortisation, impairment losses and provisions				(In thousands of euro)
	Notes	**31-12-2009**	**31-12-2008 Restated**	**Change**
Depreciation and amortisation	**6.5**	**-122,830**	**-89,157**	**-33,673**
Intangible assets		-17,867	-13,125	-4,742
Property, plant and equipment		-104,963	-76,032	-28,931
Impairment losses	**6.6**	**-115**	**-3,140**	**3,025**
Goodwill		0	-312	312
Inventories		-106	-2,817	2,711
Trade receivables		-9	-11	2
Provisions for liabilities and charges	**6.7**	**-77,468**	**-53,728**	**-23,740**
Total depreciation, amortisation, impairment losses and provisions		**-200,413**	**-146,025**	**-54,388**

6.5 Depreciation and amortisation

The depreciation of assets increased due to:
- the operations of the Fluxys & Co and SEGEO business combinations with effect from 1 July 2008, and
- new investments being made, including the extension of the Zeebrugge LNG terminal facilities and the compressor station at Zelzate.

6.6 Impairment losses

In 2008, the impairment losses on inventories were mainly due to the downward trend in gas prices at the end of the year.

6.7 Provisions for liabilities and charges

The Group's provisions as well as the 2009 changes are analyzed in detail in Notes 26 'Provisions' and 27 'Provisions for employee benefits'.

NOTE 7a. GAIN/LOSS ON DISPOSAL OF FINANCIAL ASSETS

Gain/loss on disposal of financial assets			(In thousands of euro)
	31-12-2009	31-12-2008	Change
Gain on disposal of shareholding in APX Gas Zeebrugge		1,791	-1,791
Gain on disposal of shareholding in Endex		1,225	-1,225
Gain on disposal of Transfin securities	198		198
Total	**198**	**3,016**	**-2,818**

In 2009, the gain on disposal of financial assets was due to the sale of Transfin securities held by the Group.

NOTE 7b. FINANCIAL INCOME

Financial income				(In thousands of euro)
	Notes	31-12-2009	31-12-2008	Change
Dividends from non-consolidated companies		148	0	148
Financial income from lease contracts	7b.1	595	6,181	-5,586
Interest income on marketable securities, cash and cash equivalents and interest rate swaps	7b.2	4,988	11,954	-6,966
Expected return of pension plan assets	7b.3	5,652	6,016	-364
Other financial income		220	249	-29
Total		**11,603**	**24,400**	**-12,797**

7b.1 In 2009 financial income from lease contracts only related to the Interconnector Zeebrugge Terminal (IZT). In 2008, it also related to the Zeebrugge-Blaregnies (Troll) and Zeebrugge- Zelzate/ Eynatten (RTR) border-to-border transmission facilities until 30 June 2008, the date of the integration of Fluxys & Co which marketed the capacity of these transmission pipelines.

These intra-Group lease contracts were removed from the consolidated financial statements on 1 July 2008. As a result of this change in the consolidation scope, the Troll and RTR facilities now appear as tangible assets in the balance sheet and the transmission revenue from these facilities are recognised as income to cover such items as depreciation expenses and financial expenses related to these facilities..

7b.2 The decrease in interest income on marketable securities, cash and cash equivalents is the result of the combined effect of the increase in these assets (up €32.69 million) and a significant decrease in the average return (down 280 basis points) on cash surpluses. The decrease in the return reflects changes in market interest rates from 1 January to 31 December 2009.

7b.3 See Note 27.

NOTE 8. FINANCIAL EXPENSES AND CHANGE IN THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial expenses				(In thousands of euro)
	Notes	31-12-2009	31-12-2008 Restated	Change
Borrowing interest costs	8.1	-31,506	-26,151	-5,355
Unwinding of discounts	8.2	-8,654	-7,969	-685
Other financial expenses		-394	-1,278	884
Total		**-40,554**	**-35,398**	**-5,156**

8.1 Borrowing interest costs primarily include interest on the Troll and RTR finance lease contracts, the loans from the European Investment Bank, the long-term debenture and short-term financing facilities put in place to cover the Group's financial needs.

The increase in borrowing interest costs is due mainly to the payment of the second tranche of the loan from the European Investment Bank in 2008 to finance the acquisitions and investments. To provide for future cash requirements, a debenture of €350 million was issued in December 2009. As from April 2008 the interest charges on the loan from the European Investment Bank to Fluxys LNG has been expensed as a result of the commissioning of the Zeebrugge LNG terminal extension. These interest charges had previously been capitalized as borrowing costs. Finally, the interest calculated on the regulatory liabilities made available to CREG decreased, as a result of the decline in the average interest rate applied, which reflects market interest movements.

8.2 The unwinding of discounted amounts has increased. This change is analyzed in Notes 26 'Provisions' and 27 'Provisions for employee benefits'.

Change in value of financial instruments				(In thousands of euro)
	Notes	31-12-2009	31-12-2008 Restated	Change
Use and change in the fair value of financial instruments	8.3	668	-2,531	3,199
Total		**668**	**-2,531**	**3,199**

8.3 This item shows the cost incurred in connection with the use – and change in the fair value – of instruments used for hedging the Group's currency risk (USD) for its LNG carrier revenue, call/put options relating to the company Fluxys & Co and instruments for hedging interest rate risks (Interest Rate Swaps) used as part of the RTR finance lease contract. The cost of using these instruments amounted to €1,894 thousand, while their fair value increased by €2,562 thousand since 31 December 2008. The restatement for the fiscal year 2008 relates to the completion of the business combination and the marking to market of the call/put options on the company Fluxys & Co which holds the interest in the LNG ship.

The call option can be exercised by Distrigas for six months after a period of three years, at the exercise price of €70 million, while the put option can be exercised by Fluxys with SUEZ-Tractebel or any company in its Group designated by it, under identical terms, should Distrigas not exercise its option.

NOTE 9a. OTHER NON-OPERATING INCOME

The other non-operating income recorded in 2008, reflected the negative goodwill following the completion of the SEGEO business combination. See the specific item in Note 3 for more information.

NOTE 9b. INCOME TAX EXPENSE

Income tax expense is analyzed as follows:

Income tax expense	Notes	31-12-2009	31-12-2008 Restated	Change (In thousands of euro)
Current tax		-68,701	-69,172	471
Deferred tax		19,989	24,093	-4,104
Total	9.1	**-48,712**	**-45,079**	**-3,633**

9.1 Income tax expense increased by €3,633 thousand compared to 2008. This change is explained as follows:

Current tax	Notes	31-12-2009	31-12-2008 Restated	Change (In thousands of euro)
Income tax on the profit of the period		**-70,348**	**-69,259**	**-1,089**
Taxes and withholding taxes due or paid		-70,214	-62,903	-7,311
Excess payment of taxes and withholding taxes (included in assets)		1,800	848	952
Estimated additional tax (included in liabilities)		-1,934	-7,204	5,270
Adjustments to previous years' taxes		**1,647**	**87**	**1,560**
Total	9.2	**-68,701**	**-69,172**	**471**

9.2 The decrease in current income tax results principally from adjustments to previous years' taxes. The decrease in profit before taxes of the period is offset by the reduction in notional interest and the tax impact of the distribution of dividends from subsidiaries. Finally, the non-recurring items recorded in 2008, i.e. the SEGEO negative goodwill and the profit on the disposal of financial assets, were not taxable.

Deferred tax				(In thousands of euro)
	Notes	31-12-2009	31-12-2008 Restated	Change
Relating to origination or reversal of temporary differences		**19,954**	**23,280**	**-3,326**
Differences arising from the valuation of property, plant and equipment	9.3	22,249	18,229	4,020
Differences arising from provisions	9.3	2	6,314	-6,312
Others	9.3	-2,297	-1,263	-1,034
Relating to tax rate changes or to new taxes		**35**	**813**	**-778**
Relating to changes in accounting policies and errors		**0**	**0**	**0**
Relating to changes in fiscal status of enterprise or shareholders		**0**	**0**	**0**
Total		**19,989**	**24,093**	**-4,104**

9.3 Deferred tax is primarily influenced by the difference between the carrying amount and the tax value of property, plant and equipment.

In 2008 deferred tax had also reversed in relation to the movements in provisions not accounted for under IFRS.

In 2009 the item 'Others' was influenced by the 5% tax on the dividends from subsidiaries and by the counterparty, in deferred tax, of tax due from previous years.

Reconciliation of expected income tax rate and effective average income tax rate			(In thousands of euro)
	31-12-2009	**31-12-2008 Restated**	**Change**
Expected income tax based on applicable tax rate – Fiscal year	**-52,300**	**-55,423**	**3,123**
Profit before taxes	153,869	163,057	-9,188
Applicable tax rate	33.99%	33.99%	
Reconciling items	**1,941**	**10,257**	**-8,316**
Income tax rate differences between jurisdictions	1,699	1,653	46
Tax rate changes	35	813	-778
Tax-exempt income	-1,863	1,025	-2,888
Non-taxable negative goodwill	0	2,549	-2,549
Non-deductible expenses	-1,455	-1,122	-333
Tax losses used	0	0	0
Taxable dividend income	-885	-128	-757
Deductible notional interest cost	4,376	5,552	-1,176
Others	34	-85	119
Income tax as per effective average tax rate – Fiscal year	**-50,359**	**-45,166**	**-5,193**
Profit before taxes	153,869	163,057	-9,188
Average effective tax rate	32.73%	27.70%	
Taxes on tax-exempt reserves	**0**	**0**	**0**
Adjustments to previous years' taxes	**1,647**	**87**	**1,560**
Total income tax expense	**-48,712**	**-45,079**	**-3,633**

The average effective income tax rate for 2009 amounted to 32.73% compared to 27.70% in the previous year. This increase in the average effective income tax rate was primarily due to changes in foreign tax rates in 2008, the increase in dividend income of which 5% is subject to corporate income tax, the counterparty, in deferred tax, of taxes from previous years and, finally, the decrease in deductible notional interest.

NOTE 10. NET PROFIT FOR THE PERIOD

Net profit for the period	31-12-2009	31-12-2008 Restated	Change
(In thousands of euro)			
Non-controlling interests	1,915	1,931	-16
Fluxys share	103,242	116,047	-12,805
Total net profit for the period	**105,157**	**117,978**	**-12,821**

Net profit for the period. The consolidated net profit for the fiscal year amounted to €105,157 thousand, a decrease of €12,821 thousand compared to 2008.

This decrease is mainly due to the non-recurring items recorded in 2008, i.e. the recognition in the profit of a negative goodwill resulting from the purchase of the 25% stake in the company SEGEO and the capital gains made on the disposal of financial assets. This decrease is also attributable to the increase of the effective tax rate in 2009 following, in particular, the decline in deductible notional interest.

NOTE 11. EARNINGS PER SHARE

Numerator (In thousands of euro)	31-12-2009	31-12-2008 Restated
Net profit from continuing operations attributable to equity holders of the parent	**103,242**	**116,047**
Net profit	103,242	116,047
Impact of dilutive instruments		
Diluted net profit from continuing operations attributable to equity holders of the parent	**103,242**	**116,047**
Net profit/loss from discontinued operations attributable to equity holders of the parent	**0**	**0**
Net profit	0	0
Impact of dilutive instruments	0	0
Diluted net profit from discontinued operations attributable to equity holders of the parent	**0**	**0**
Net profit attributable to equity holders of the parent	**103,242**	**116,047**
Net profit	103,242	116,047
Impact of dilutive instruments	0	0
Diluted net profit attributable to equity holders of the parent	**103,242**	**116,047**

Denominator (number of shares)	31-12-2009	31-12-2008 Restated
Average number of outstanding shares	**702,636**	**702,636**
Impact of dilutive instruments	0	0
Diluted average number of outstanding shares	**702,636**	**702,636**

Earnings per share (in €)	31-12-2009	31-12-2008 Restated
Basic earnings per share from continuing operations attributable to equity holders of the parent	146.9353	165.1595
Diluted earnings per share from continuing operations attributable to equity holders of the parent	146.9353	165.1595
Basic earnings per share from discontinued operations attributable to equity holders of the parent	0.0000	0.0000
Diluted earnings per share from discontinued operations attributable to equity holders of the parent	0.0000	0.0000
Basic earnings per share attributable to equity holders of the parent	146.9353	165.1595
Diluted earnings per share attributable to equity holders of the parent	146.9353	165.1595

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks*	Gas storage facilities*
Gross carrying amount				
At 31-12-2007	**26,666**	**97,288**	**1,741,395**	**312,720**
Additions	1,113	70	51,413	7,523
Acquisitions through business combinations	111	2,356	723,680	0
Disposals and retirements	-378	-587	-6,725	0
Internal transfers	0	2,981	57,403	3,763
Translation adjustments	0	0	0	0
At 31-12-2008	**27,512**	**102,108**	**2,567,166**	**324,006**
Additions	1,861	945	27,179	7,757
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	-49	0	-7,400	0
Internal transfers	309	1,659	81,234	290
Translation adjustments	0	0	0	0
At 31-12-2009	**29,633**	**104,712**	**2,668,179**	**332,053**

** Subject to the Gas Law (Law of 12 April 1965 on transmission of gaseous and other products by pipeline, as subsequently amended).*

(In thousands of euro)

LNG terminal*	Ships	Other installations and machinery	Furniture, equipment and vehicles	Other property, plant and equipment	Assets under construction and instalments paid	Total
815,716	**0**	**155,349**	**28,549**	**233**	**266,433**	**3,444,349**
25,679	0	1,915	6,307	0	104,027	198,047
0	100,225	0	2	76	30	826,480
0	0	-6,919	-528	0	-7	-15,144
153,621	0	0	0	0	-217,768	0
0	0	-111	0	0	0	-111
995,016	**100,225**	**150,234**	**34,330**	**309**	**152,715**	**4,453,621**
991	142	1,279	5,137	0	181,357	226,648
0	0	0	0	0	0	0
0	0	0	-2,565	0	-142	-10,156
77	0	0	0	-309	-83,260	0
0	0	29	0	0	0	29
996,084	**100,367**	**151,542**	**36,902**	**0**	**250,670**	**4,670,142**

Movements in property, plant and equipment

	Land	Buildings	Gas transmission networks*	Gas storage facilities*
Depreciation and impairment losses				
At 31-12-2007	**0**	**-61,387**	**-1,008,156**	**-188,699**
Depreciation	0	-1,507	-46,945	-7,121
Impairment losses	0	0	0	0
Acquisitions through business combinations	0	-1,789	-265,733	0
Disposals and retirements	0	587	3,907	0
Internal transfers	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2008	**0**	**-64,096**	**-1,316,927**	**-195,820**
Depreciation	0	-2,365	-67,678	-7,555
Impairment losses	0	0	0	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	0	0	1,968	0
Internal transfers	0	-370	64	0
Translation adjustments	0	0	0	0
At 31-12-2009	**0**	**-66,831**	**-1,382,573**	**-203,375**
Net carrying amount at 31-12-2009	**29,633**	**37,881**	**1,285,606**	**128,678**
Net carrying amount at 31-12-2008	**27,512**	**38,012**	**1,250,239**	**128,186**

** Subject to the Gas Law (Law of 12 April 1965 on transmission of gaseous and other products by pipeline, as subsequently amended).*

(In thousands of euro)

LNG terminal*	Ships	Other installations and machinery	Furniture, equipment and vehicles	Other property, plant and equipment	Assets under construction and instalments paid	Total
-567,399	**0**	**-54,203**	**-20,696**	**-224**	**0**	**-1,900,764**
-12,805	-1,255	-4,377	-2,014	-8	0	-76,032
0	0	0	0	0	0	0
0	-10,996	0	-2	-74	0	-278,594
0	0	6,919	513	0	0	11,926
0	0	0	0	0	0	0
0	0	103	0	0	0	103
-580,204	**-12,251**	**-51,558**	**-22,199**	**-306**	**0**	**-2,243,361**
-19,105	-2,557	-3,224	-2,479	0	0	-104,963
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	2,565	0	0	4,533
0	0	0	0	306	0	0
0	0	-21	0	0	0	-21
-599,309	**-14,808**	**-54,803**	**-22,113**	**0**	**0**	**-2,343,812**
396,775	**85,559**	**96,739**	**14,789**	**0**	**250,670**	**2,326,330**
414,812	**87,974**	**98,676**	**12,131**	**3**	**152,715**	**2,210,260**

Movements in property, plant and equipment

	Land	Buildings	Gas transmission networks*	Gas storage facilities*
Net carrying amount at 31-12-2009, including:	**29,633**	**37,881**	**1,285,606**	**128,678**
At cost	29,633	37,881	1,285,606	128,678
At revaluation	0	0	0	0
Net carrying amount at 31-12-2009 of assets held under finance leases	0	448	115,006	0
Supplementary information				
Net carrying amount of assets temporarily retired from active use	112	0	0	0

Following finalization of the SEGEO and Fluxys & Co business combinations, the 2008 numbers were restated and reclassified with regard to the 49% stake in the LNG ship acquired via the acquisition of Fluxys & Co. See the specific item in Note 3 for more details in this regard.

'Property, plant and equipment' mainly comprises the Group's transmission, storage (Loenhout and Dudzele) and terminalling (Zeebrugge LNG terminal) facilities as well as the interest held in an LNG ship.

In 2009, Fluxys Group made investments of €226,648 thousand, of which the main items are the following:

- laying of transmission pipelines (€105,977 thousand, including €66,103 thousand for RTR2 pipeline infrastructure);
- compressor stations (€39,338 thousand); and
- storage facilities at Loenhout (€37,595 thousand).

In relation to investments that are currently in progress or planned, the Group has commitments under Engineering, Procurement and Construction contracts amounting to €45.1 million at 31 December 2009.

Retirements during the period mainly relate to decommissioning of pipelines.

** Subject to the Gas Law (Law of 12 April 1965 on transmission of gaseous and other products by pipeline, as subsequently amended).*

(In thousands of euro)

LNG terminal*	Ships	Other installations and machinery	Furniture, equipment and vehicles	Other property, plant and equipment	Assets under construction and instalments paid	Total
396,775	**85,559**	**96,739**	**14,789**	**0**	**250,670**	**2,326,330**
396,775	85,559	96,739	14,789	0	250,670	2,326,330
0	0	0	0	0	0	0
0	0	0	0	0	0	115,454
0	0	0	0	0	0	112

The depreciation charge for the period amounts to €104,963 thousand and reflects the rate at which the Group expects to consume the economic benefits of the assets.

The assets that are used within the regulated market are depreciated over their useful life, as stated in point 8 of the accounting principles (Note 2), without taking into account a residual value, given the specificity of the sector's activities.

Other property, plant and equipment is depreciated over its useful life as estimated by the Group, taking into account actual and potential contracts, and considering reasonable market assumptions, based on the principle of matching of revenues and costs. Given the specificities of the activities concerned, the residual value, if any, of the facilities in question has been ignored.

At the balance sheet date the Group does not hold property, plant and equipment assets which have been pledged as security against liabilities.

The Group emphasizes that no indications existed at the balance sheet date that property, plant and equipment may have been impaired.

NOTE 13. INTANGIBLE ASSETS

Movements in the carrying amount of intangible assets	Application software	Balance of agreed Fluxys & Co consideration	CO_2 emission rights	Total
				(In thousands of euro)
Gross carrying amount				
At 31-12-2007, of which:	**33,580**	**0**	**0**	**33,580**
Internally developed software	25,154			
Software purchased from third parties	8,426			
Additions, of which:	11,206	0	0	11,206
Internally developed software	11,142			11,142
Software purchased from third parties	64			64
Acquisitions through business combinations		292,101		292,101
Disposals and retirements	-147			-147
Translation adjustments				0
Changes in consolidation scope	-350			-350
Others				0
At 31-12-2008, of which:	**44,289**	**292,101**	**0**	**336,390**
Internally developed software	36,296			
Software purchased from third parties	7,993			
Additions, of which:	10,423	0	0	10,423
Internally developed software	9,521			9,521
Purchased from third parties	902			902
Acquisitions through business combinations	0			0
Disposals and retirements	-624			-624
Translation adjustments				0
Changes in consolidation scope	0			0
Others				0
At 31-12-2009, of which:	**54,088**	**292,101**	**0**	**346,189**
Internally developed software	45,817			
Software purchased from third parties	8,271			

Movements in the carrying amount of intangible assets				(In thousands of euro)
	Application software	**Balance of agreed Fluxys & Co consideration**	**CO_2 emission rights**	**Total**
Amortisation and impairment losses				
At 31-12-2007, of which:	**-19,401**	**0**	**0**	**-19,401**
Internally developed software	-13,010			-13,010
Software purchased from third parties	-6,391			-6,391
Amortisation	-7,689	-5,436	0	-13,125
Disposals and retirements				0
Translation adjustments				0
Changes in consolidation scope	350			350
Others				0
At 31-12-2008, of which:	**-26,740**	**-5,436**	**0**	**-32,176**
Internally developed software	-20,668			
Software purchased from third parties	-6,072			
Amortisation	-8,173	-9,694	0	-17,867
Disposals and retirements	339		0	339
Translation adjustments	0		0	0
Changes in consolidation scope	0		0	0
Others	0		0	0
At 31-12-2009, of which:	**-34,574**	**-15,130**	**0**	**-49,704**
Internally developed software	-28,118			
Software purchased from third parties	-6,456			

Movements in the carrying amount of intangible assets				(In thousands of euro)
	Application software	Balance of agreed Fluxys & Co consideration	CO_2 emission rights	Total
Net carrying amount at December 31st, 2008	**17,549**	**286,665**	**0**	**304,214**
Internally developed software	15,628			
Software purchased from third parties	1,921			
Net carrying amount at December 31st, 2009	**19,514**	**276,971**	**0**	**296,485**
Internally developed software	17,699			
Software purchased from third parties	1,815			

Intangible assets comprise the net carrying amount of application software and of emission rights and the value of border-to-border transmission contracts purchased in 2008 and for which a negotiated tariff applies.

The application software included in intangible assets is investment software developed or purchased by the Group. This software is amortised over 5 years on a straight-line basis. Major investments during the fiscal year concern software developed in relation to gas flow management and related administrative tools.

The balance, after allocation to property, plant and equipment and other receivables, of the agreed upon consideration paid for the acquisition of the border-to-border transmission activities of Distrigas & C° was recognized as intangible assets. The final value of these assets cannot be estimated pending judiciary decisions on the appeals filed to challenge the decisions of the regulator, or following legislative amendments that will establish the scope and duration of the respective contracts. These assets are amortised in parallel to the income generated. See Note 3 for more information in this regard.

The gas transmission facilities in Belgium are included in the scheme for greenhouse gas emission allowance trading. Accordingly, Fluxys Group was given free CO_2 emission rights amounting to 294.988 tons of CO_2 for the Berneau, Weelde, Winksele, Dudzele, Loenhout and Zeebrugge sites in 2009. The value of the unused rights amounted to €218 thousand at 31 December 2009, which corresponds to 17,734 tons of CO_2. In accordance with the accounting policies stated in Note 2, the unused emission rights granted free of charge have been recognized at nil value in intangible assets.

The Group emphasizes that there were no indications at the balance sheet date that intangible assets may have been impaired.

NOTE 14. GOODWILL

Goodwill			(In thousands of euro)
	31-12-2009	31-12-2008 Restated	31-12-2008
Fluxys & Co	0	0	402,638
SEGEO	0	0	4,890
GMSL	3,465	3,230	3,230
Total	**3,465**	**3,230**	**410,758**

Goodwill: Restatement 2008							(In thousands of euro)
	31-12-2008	Intangible assets	Property, plant and equipment	Transfin/ Distrigas receivables	Negative goodwill recognised in profit/loss	Deferred tax	31-12-2008 restated
Fluxys & Co	402,638	-292,101	-257,247	-40,013	0	186,723	0
SEGEO	4,890	0	-18,769	0	7,499	6,380	0
GMSL	3,230	0	0	0	0	0	3,230
Total	**410,758**	**-292,101**	**-276,016**	**-40,013**	**7,499**	**193,103**	**3,230**

Movements in goodwill carrying amount (In thousands of euro)	Gross carrying amount	Accumulated impairment losses	Net carrying amount
At 31-12-2007	**5,193**	**-686**	**4,507**
Acquisitions	407,528	0	407,528
Disposals/retirements	-998	998	0
Impairment losses	0	-312	-312
Translation adjustments	-965	0	-965
At 31-12-2008	**410,758**	**0**	**410,758**
Appropriation of Fluxys & Co goodwill	-402,638	0	-402,638
Appropriation of SEGEO goodwill	-4,890	0	-4,890
At 31-12-2008 Restated	**3,230**	**0**	**3,230**
Translation adjustments	235	0	235
At 31-12-2009	**3,465**	**0**	**3,465**

At 31 December 2009, the goodwill reported in the financial statements relates to the acquisition in 2002 of 100% of the subsidiary GMSL.

The translation adjustments of €235 thousand arise from the translation into € of this goodwill which is valued in GBP.

In 2008, the cost of the Fluxys & Co and SEGEO business combinations was estimated provisionally due to the considerable uncertainty surrounding the regulatory situation.

An amount of €58.8 million was allocated to the 49% interest in the LNG ship and to the financial instruments of Fluxys & Co.

The balance, which mainly related to transmission activities, was provisionally recognised as goodwill.

The accounting for these business combinations was completed in the second half of 2009. See Note 3 for more information in this regard.

NOTE 15. INVESTMENTS IN ASSOCIATES

Fluxys Group had no investments in associates at the balance sheet date.

NOTE 16. OTHER FINANCIAL ASSETS

Other financial assets			(In thousands of euro)
	Notes	**31-12-2009**	**31-12-2008**
Shares at cost	16.1	84,218	2,983
Other financial assets at cost	16.2	24	6
Total		**84,242**	**2,989**

Movement in other financial assets – Shares at cost		(In thousands of euro)
	31-12-2009	**31-12-2008**
Opening balance	**2,983**	**388**
Gross amount	3,014	419
Uncalled amounts	-31	-31
Accumulated impairment losses	0	0
Acquisitions	81,237	2,939
Disposals	-2	-344
Change in ownership percentage	0	0
Translation adjustments	0	0
Capital increases	0	0
Closing balance	**84,218**	**2,983**
Gross amount	84,249	3,014
Uncalled amounts	-31	-31
Accumulated impairment losses	0	0

16.1 Other financial assets include shares held by the Fluxys Group in Belgian Pipe Control SA (25%)[1], Interconnector (UK) Ltd (10%), APX BV (3.84%), and C4GAS SA (5%). Since these entities operate in segments in which Fluxys Group has a business interest, these shares are held as a long-term investment. However, the Fluxys Group neither has control of nor exercises significant influence over these entities.

Due to the lack of an active market, these shares are stated at acquisition cost.

The acquisitions in 2009 (€81,237 thousand) consist of the purchase of a 10% equity interest in Interconnector (UK) Ltd.

Movement in other financial assets – other financial assets at cost	(In thousands of euro)	
	31-12-2009	**31-12-2008**
Opening balance	**6**	**6**
Gross amount	6	6
Accumulated impairment losses	0	0
Additions	18	0
Repayments	0	0
Translation adjustments	0	0
Others	0	0
Closing balance	**24**	**6**
Gross amount	24	6
Accumulated impairment losses	0	0

16.2 Other financial assets at cost consist of VAT and rental deposits paid.

(1) BPC SA is not accounted for under the equity method due to its immaterial impact on the consolidated financial statements.

NOTE 17. FINANCE LEASE RECEIVABLES

Finance lease receivables			(In thousands of euro)
	31-12-2009	**31-12-2008**	**Change**
Non-current receivables	29,088	30,486	-1,398
Current receivables	1,395	1,093	302
Total	**30,483**	**31,579**	**-1,096**

Finance lease receivables include the contract relating to the Interconnector Zeebrugge Terminal (IZT): in accordance with IAS 17, the lease contract signed with IZT SCRL for IZT has been accounted for as a finance lease. The contract, which took effect in 1998, has a minimum term of 20 years, at the end of which the lessee can exercise a purchase option. A variable interest rate (based on Euribor) is applied to this receivable.

Maturity of finance lease receivables at 31-12-2009				(In thousands of euro)
	Up to one year	Between one and five years	Over five years	Total
Finance lease receivables	1,395	9,113	19,975	30,483
Total	**1,395**	**9,113**	**19,975**	**30,483**
Finance lease receivables:				
Present value of minimum lease payments at market rate	1,739	10,352	20,794	32,885
Total minimum lease payments	1,739	10,352	20,794	32,885
Interest	344	1,239	819	2,402

Maturity of finance lease receivables at 31-12-2008				(In thousands of euro)
	Up to one year	Between one and five years	Over five years	Total
Finance lease receivables	1,093	7,635	22,851	31,579
Total	**1,093**	**7,635**	**22,851**	**31,579**
Finance lease receivables:				
Present value of minimum lease payments at market rate	2,083	11,100	25,358	38,541
Total minimum lease payments	2,083	11,100	25,358	38,541
Interest	990	3,465	2,507	6,962

The total value of minimum lease payments corresponds to the best estimate, at the balance sheet date, of the lease payments to be received regardless of whether they relate to the capital to be received (finance lease receivables), interest to be received (interest), or the purchase option (finance lease receivables). These payments are discounted at market rate so as to obtain the present value of the minimum lease payments.

NOTE 18. OTHER NON-CURRENT ASSETS

Other non-current assets			(In thousands of euro)
	31-12-2009	31-12-2008	Change
Other receivables	0	228	-228
Total	**0**	**228**	**-228**

Other non-current assets previously included the amounts receivable from the SNTC *(Société Nationale de Transport par Canalisation)*/Fluxys special partnership. This partnership was dissolved in 2009.

Maturity of other non-current assets at 31-12-2009			(In thousands of euro)
	Between one and five years	Over five years	Total
Other receivables	0	0	0
Total	**0**	**0**	**0**

Maturity of other non-current assets at 31-12-2008			(In thousands of euro)
	Between one and five years	Over five years	Total
Other receivables	57	171	228
Total	**57**	**171**	**228**

NOTE 19. INVENTORIES

Carrying amount of inventories			(In thousands of euro)
	31-12-2009	**31-12-2008**	**Change**
Supplies and consumables	**58,389**	**49,174**	**9,215**
Gross carrying amount	64,957	55,314	9,643
Impairment	-6,568	-6,140	-428
Goods held for resale	**9,397**	**18,492**	**-9,095**
Gross carrying amount	11,677	21,094	-9,417
Impairment	-2,280	-2,602	322
Contracts in progress	**65**	**315**	**-250**
Gross carrying amount	65	315	-250
Impairment	0	0	0
Total	**67,851**	**67,981**	**-130**

The purchase of materials to be used eventually in network construction, maintenance and repair activities was responsible for the increase in the inventory of supplies and consumables (up €9,215 thousand). The decrease in gas inventories (down €9,095 thousand) is mainly due to changes in the gas price.

Inventories – Impact of movements on net profit			(In thousands of euro)
	31-12-2009	**31-12-2008**	**Change**
Inventories – purchased or used	-24	36,818	-36,842
Impairment	-106	-2,817	2,711
Total	**-130**	**34,001**	**-34,131**

NOTE 20. CURRENT TAX RECEIVABLE

Current tax receivable				(In thousands of euro)
	Notes	**31-12-2009**	**31-12-2008**	**Change**
Recoverable income taxes		4,838	26,125	-21,287
Total	20.1	**4,838**	**26,125**	**-21,287**

20.1 Current tax receivable includes recoverable income taxes. The main reason for the decrease is the reimbursement of the excess tax prepayments made by Fluxys & Co in 2008.

NOTE 21. TRADE AND OTHER RECEIVABLES

Trade and other receivables				(In thousands of euro)
	Notes	**31-12-2009**	**Restated 31-12-2008**	**Change**
Net trade receivables	21.1	21,369	25,266	-3,897
Other receivables	21.2	43,142	46,526	-3,384
Total		**64,511**	**71,792**	**-7,281**

21.1 The Fluxys Group reduces its exposure to credit risk, both in terms of default and concentration of risk, by requiring short payment terms from its customers (payment within 30 days), a strict policy for the follow-up of trade receivables, and a systematic evaluation of its counterparties' financial position.

Trade receivables can be broken down as follows according to their ageing:

Net trade receivables: ageing balance			(In thousands of euro)
	31-12-2009	**31-12-2008**	**Change**
Assets < 3 months	20,988	25,043	-4,055
Assets 3 - 6 months	156	15	141
Assets > 6 months	0	186	-186
Assets in litigation or doubtful	225	22	203
Total	**21,369**	**25,266**	**-3,897**

21.2 In addition to various receivables such as recoverable withholding taxes and VAT, 'other receivables' includes an amount to recover from Transfin/Distrigas arising from the business combination with Distrigas & C°. See Note 3 for more information in this regard.

NOTE 22. SHORT-TERM INVESTMENTS, CASH AND CASH EQUIVALENTS

Short-term investments are investments with a maturity of more than three months in bonds, commercial paper and bank deposits.

Cash and cash equivalents are mainly euro investments in commercial paper that mature within a maximum of three months after the date of acquisition, term deposits at financial institutions, bank balances and cash in hand.

Short-term investments, cash and cash equivalents			(In thousands of euro)
	31-12-2009	31-12-2008	Change
Short-term investments	**16,025**	**0**	**16,025**
Cash and cash equivalents	**514,389**	**166,658**	**347,731**
Cash equivalents	118,810	99,654	19,156
Short-term deposits	390,934	62,214	328,720
Bank balances	4,634	4,782	-148
Cash in hand	11	8	3
Total	**530,414**	**166,658**	**363,756**

In 2009, the average rate of return on short-term investments, cash and cash equivalents was 1.48%, compared to 4.28% in 2008. The average capital invested rose from €240.96 million in 2008 to €273.65 million in 2009.

The temporary increase in short-term investments and cash equivalents was due to the issuance of a €350 million debenture in December 2009.

NOTE 23. OTHER CURRENT ASSETS

Other current assets			(In thousands of euro)
	31-12-2009	31-12-2008	Change
Accrued income	1,563	2,646	-1,083
Prepaid expenses	10,733	4,598	6,135
Total	**12,296**	**7,244**	**5,052**

Other current assets mainly comprise prepaid expenses amounting to €10,733 thousand (insurance, rent, etc.), with various items of accrued income accounting for the remainder.

NOTE 24. EQUITY

Equity attributable to equity holders of the parent amounted to €1,369,083 thousand at 31 December 2009. The €57,997 thousand increase since last year is due to the net profit of the year attributable to equity holders of the parent (€103,242 thousand), minus other components of the overall result (+ €3,939 thousand) and the 2009 dividend payout (- €49,184 thousand) approved by the General Meeting of Fluxys SA.

Non-controlling interests increased by €235 thousand due to the dividend payout in 2009. This amounted to €1,687 thousand, which is less than the share of the non-controlling interests in the profit for the period, which amounted to €1,915 thousand in income and expenses directly recognized in equity (+ €7 thousand).

Total dividends for the fiscal year 2009 amounted to €50,871 thousand.

Note on parent company shareholding

	Ordinary shares	Preferred shares	Total
I. Movements in number of shares			
1. Number of shares, beginning balance	702,636	0	**702,636**
2. Number of shares issued			**0**
3. Number of ordinary shares cancelled or reduced (-)			**0**
4. Number of preferred shares redeemed, converted or reduced (-)			**0**
5. Other increase (/ decrease)			**0**
6. Number of shares, ending balance	702,636	0	**702,636**
II. Other information			
1. Par value of shares	Not specified		
2. Number of shares owned by the company	0	0	**0**

The share capital of Fluxys SA remained unchanged in 2009. It is represented by 702,636 nominal shares with no par value recorded under four categories.

Nominal shares in categories A and B are and remain registered. They are held by long-term shareholders.

Category D nominal shares are either registered or bearer shares and are mainly held by the general public.

On 27 May 2009, following the disposal of 43,902 shares in Fluxys SA (in other words, 6.25% of the total number of Fluxys SA shares) by SUEZ-Tractebel SA to Publigaz SCRL, the articles of association of Fluxys SA were amended and all category C shares held by SUEZ-Tractebel SA were reclassified as category A shares. All shares in categories A and C that were held by Publigaz SCRL were reclassified as category B shares. Category C shares ceased to exist.

The Belgian State owns one specific registered share, namely share no.1. In addition to the common rights attached to all other company shares, this share also carries specific rights pursuant to the Royal Decree of 16 June 1994, amended by the laws of 29 April 1999 and 26 June 2002, and the transposition of these laws into the articles of association of the company. These specific rights are exercised by the Federal Minister responsible for energy.

NOTE 25. INTEREST-BEARING BORROWINGS

Non-current interest-bearing borrowings				(In thousands of euro)
	Notes	31-12-2009	31-12-2008	Change
Finance leases	25.1	98,979	118,599	-19,620
Debentures	25.2	349,108	0	349,108
Other borrowings	25.3	460,095	349,785	110,310
Other liabilities	25.4	132,398	65,773	66,625
Total		**1,040,580**	**534,157**	**506,423**

Current interest-bearing borrowings				(In thousands of euro)
	Notes	31-12-2009	31-12-2008	Change
Finance leases	25.1	19,387	18,819	568
Other borrowings	25.3	15,885	81,823	-65,938
Other liabilities	25.4	46,726	85,858	-39,132
Total		**81,998**	**186,500**	**-104,502**

25.1 Finance lease payables include contracts relating to Zeebrugge-Blaregnies (Troll) and Zeebrugge-Zelzate/Eynatten (RTR) border-to-border transmission facilities. In accordance with IAS 17, the lease contracts signed with GIE Finpipe in relation to Troll and RTR facilities are accounted for as finance leases. The Troll contract has a 20-year term that expires in 2012 and the RTR contract has a 17-year term that expires in 2015, after which Fluxys can exercise a purchase option on these facilities.

25.2 On 21 December 2009 Fluxys issued a €350 million debenture, which provides a gross annual coupon of 4.125% and which is eligible for trading on the regulated Euronext Brussels market.

Fluxys will use the proceeds from this debenture to finance its major investment program.

25.3 Other borrowings include:

- a loan amounting to €1,785 thousand bearing interest at 3.875% (falling due in 2011);
- a 10-year loan amounting to €68,000 thousand at a fixed annual interest rate of 4.747% contracted with the European Investment Bank (EIB) in August 2007 for the financing of the capacity enhancement at the Zeebrugge LNG terminal;
- a 25-year loan of €400,000 thousand at a fixed rate contracted with the EIB in December 2008 to finance investments in developing the gas transmission network;
- accrued interest amounting to €6,195 thousand

25.4 The regulatory liabilities included in 'Other liabilities' consist of the positive difference between the acquired regulated prices and the regulated prices invoiced. The share of tariffs gains listed as non-current liabilities corresponds to the tariff gains to be used in more than one year's time, while the gains to be used within the year are listed as current liabilities. These amounts bear interest at 'Euribor 1 year' rate.

'Other non-current liabilities' also include those amounts that are challenged in relation to CREG decisions as regards how costs should be distributed between activities. Given that no final legal judgment had been issued when these financial statements were authorised for issue, and although it formally contests CREG's decisions, the Fluxys Group opted for prudence and reflected the impact of CREG's decisions in the financial statements in 2009.

Maturity of interest bearing borrowings at 31-12-2009				(In thousands of euro)
	Up to one year	**Between one and five years**	**Over five years**	**Total**
Finance leases	19,387	79,561	19,418	118,366
Debentures	0	0	349,108	349,108
Other borrowings	15,885	48,595	411,500	475,980
Other liabilities	46,726	132,398	0	179,124
Total	**81,998**	**260,554**	**780,026**	**1,122,578**

Supplementary information				
Finance leases:				
Present value of minimum lease payments at market rate	23,832	75,997	13,856	113,685
Total minimum lease payments	26,225	93,089	20,003	139,317
Interest	6,838	13,528	585	20,951

Maturity of interest bearing borrowings at 31-12-2008				(In thousands of euro)
	Up to one year	Between one and five years	Over five years	Total
Finance leases	18,819	84,843	33,756	137,418
Other borrowings	81,823	35,785	314,000	431,608
Other liabilities	85,858	65,773	0	151,631
Total	**186,500**	**186,401**	**347,756**	**720,657**

Supplementary information				
Finance leases:				
Present value of minimum lease payments at market rate	25,563	88,288	25,397	139,248
Total minimum lease payments	26,815	103,757	35,793	166,365
Interest	7,996	18,914	2,037	28,947

The total value of minimum lease payments corresponds to the best estimate, at the balance date, of the lease payments to be paid, regardless of whether they relate to the capital to be refunded (finance leases), the interest to be paid (interest), or the purchase option (finance leases). These payments are discounted at market rate so as to obtain the present value of the minimum lease payments.

NOTE 26. PROVISIONS

26.1 Provisions (excluding provisions for employee benefits)

Provisions for:			(In thousands of euro)
	Litigation and claims	**Environment and site restoration**	**Total (excluding employee benefits)**
Provisions at 31-12-2008	**99,163**	**19,864**	**119,027**
Additions	84,149	3,137	87,286
Use	-4,387	-1,192	-5,579
Unwinding of the discount		1,040	1,040
Provisions at 31-12-2009 of which:	**178,925**	**22,849**	**201,774**
Non-current provisions	7,149	16,393	23,542
Current provisions	171,776	6,456	178,232

The increase in provisions in 2008 is mainly due to the additions recognised following CREG's decision on the applicable transit tariff and the transit contracts included in the regulatory scope.

After examining CREG's decisions, Fluxys concluded it did not agree with some of CREG's analyses. Therefore, in 2008 the Company decided to appeal against these decisions at the Court of Appeals and to continue applying provisionally the current tariffs.

The Court of Appeals handed down judgments that suspended the contested CREG decisions. These are provisional judgments and need to be confirmed by a final judgment.

Given that no final judgment had been issued when these financial statements were authorised for issue and notwithstanding the fact that it formally disputes CREG's decisions, the Fluxys Group decided to act prudently and reflect the results of CREG's decisions in these financial statements for 2009, as it had done in 2008.

The uncertainty surrounding the income in dispute has caused the recognition of the aforementioned provisions with a charge to the income statement.

26.2 Provisions for employee benefits

Provisions for employee benefits	(In thousands of euro)
Provisions at 31-12-2008	**76,985**
Additions	5,484
Use	-9,723
Surpluses	0
Unwinding of the discount	8,294
Actuarial gains/losses recognised in profit/loss	-680
Expected return on plan assets	-5,652
Actuarial gains/losses directly recognised in equity	-5,201
Provisions at 31-12-2009 of which:	**69,507**
Non-current provisions	65,165
Current provisions	4,342

The decrease in provisions for employee benefits is mainly due to the increase in the value of the plan assets held by pension funds and insurance companies, which was caused by the rebound of the financial markets since 2008. In accordance with the Group's accounting policies, this did not affect profit but had a direct impact on the consolidated equity (see also Note 27 below).

26.3 Movements in the income statement and maturity of provisions

Movements in provisions in the income statement can be broken down as follows:

Impact	Additions	Use and reversals	Total (In thousands of euro)
Profit (loss) from continuing operations	92,770	-15,302	77,468
Financial profit (loss)	8,654	-5,652	3,002
Total	**101,424**	**-20,954**	**80,470**

Maturity of provisions at 31-12-2009	Up to one year	Between one and five years	Over five years	Total (In thousands of euro)
Litigation and claims	171,776	0	7,149	178,925
Environment and site restoration	6,456	3,452	12,941	22,849
Subtotal	**178,232**	**3,452**	**20,090**	**201,774**
Employee benefits	4,342	21,709	43,456	69,507
Total	**182,574**	**25,161**	**63,546**	**271,281**

Maturity of provisions at 31-12-2008	Up to one year	Between one and five years	Over five years	Total (In thousands of euro)
Litigation and claims	92,105	0	7,058	99,163
Environment and site restoration	3,381	16,483	0	19,864
Subtotal	**95,486**	**16,483**	**7,058**	**119,027**
Employee benefits	4,789	19,157	53,039	76,985
Total	**100,275**	**35,640**	**60,097**	**196,012**

Discount rate

Long-term provisions are discounted based on interest rates that have changed as follows:

	31-12-2009	31-12-2008
Between one and five years	2.9%	4.4%
Between six and ten years	3.9%	4.9%
Over ten years	4.6%	5.3%

Provisions for litigation and claims

These provisions have been established to cover potential litigation payments arising for instance from the collapse of the Vivegnis bridge (1985) and the construction of the Zeebrugge LNG terminal (1983), as well as to cover the estimated uninsured risks for the Fluxys Group in respect of accidents, mainly Ghislenghien (2004). Developments in the Ghislenghien case have been commented on in the directors' report. There have been no significant developments in any of the other cases in 2009. The considerable increase in provisions in 2008 and 2009 is due to the creation of provisions covering the regulatory risk Fluxys incurs with regard to appeals lodged with the relevant courts.

The estimate for these provisions is based on the value of claims filed or on the estimated amount of the risk exposure.

Provisions for environment and site restoration

These provisions mainly relate to obligations for safety, clean-up and restoration of sites in the process of being shut down, as well as definitive actions to be implemented for pipelines out of use and other environmental measures.

These provisions are accrued in accordance with the Belgian regional environmental law and the Belgian Gas Law. The obligations covered by these provisions require action plans and numerous studies in cooperation with the various public authorities and the institutions established for this purpose.

NOTE 27. PROVISIONS FOR EMPLOYEE BENEFITS

Description of the principal retirement schemes and related benefits

In Belgium collective agreements regulate the rights of company employees in the electricity and gas industries.

These agreements cover 'salary scale' personnel recruited before 1 June 2002 and management personnel recruited before 1 May 1999. They provide the beneficiaries with lump sum pension benefits that vary according to their final annual pay and the number of years' service upon retirement. These retirement schemes are referred to as defined benefit pension plans.

Obligations under these defined benefit pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

Employees and employers contribute to these pension plans. The employer's contribution is determined annually on the basis of an actuarial report. This is to ensure that the minimum legal funding requirements have been met and that the long-term funding of the benefits is assured.

'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 are covered by defined contribution pension plans. For payments made after January 1st, 2004, the law requires an average annual return over the career of at least 3.25% for employer's contributions and at least 3.75% for employees' contributions, with any deficit being covered by the employer. Given that the actual return on plan assets has been above the guaranteed minimum return since 2004, no provision has been established to cover any deficit. The employer's contributions for these retirement schemes paid in 2009 amounted to €2,264 thousand. The cumulative amount of these contributions, plus the actual return on plan assets, amounted to €9,470 thousand on 31 December 2009.

The Fluxys Group also has early pension schemes, other post-employment benefits such as reimbursement of medical expenses and price subsidies, as well as other long-term benefits (seniority payments). Not all of these benefits are funded.

Pension and other benefit obligations of the Fluxys Group						(In thousands of euro)
	31-12-2009			31-12-2008		
	Pensions	Other benefits	Total	Pensions	Other benefits	Total
Changes in defined benefit obligation						
Defined benefit obligation at beginning of year	-140,566	-33,242	-173,808	-134,026	-32,317	-166,343
Service costs	-4,993	-773	-5,766	-5,437	-1,309	-6,746
Interest costs	-6,787	-1,507	-8,294	-6,735	-1,618	-8,353
Participants' contributions	-258	0	-258	-248	0	-248
Actuarial gains and losses	3,678	1,779	5,457	-204	553	349
Benefits paid	8,296	1,472	9,768	6,084	1,449	7,533
Past service costs	0	0	0	0	0	0
Curtailments	0	0	0	0	0	0
Settlements	0	0	0	0	0	0
Other	0	0	0	0	0	0
Defined benefit obligation at end of year	**-140,630**	**-32,271**	**-172,901**	**-140,566**	**-33,242**	**-173,808**
Wholly or partially funded	-130,570	0	-130,570	-129,381	0	-129,381
Unfunded	-10,060	-32,271	-42,331	-11,185	-33,242	-44,427
Changes in plan assets						
Fair value of plan assets at beginning of year	96,823	0	96,823	113,791	0	113,791
Expected return on plan assets	5,652	0	5,652	6,016	0	6,016
Actuarial gains and losses	424	0	424	-22,984	0	-22,984
Employer's contributions	8,533	1,472	10,005	5,836	1,449	7,285
Participants' contributions	258	0	258	248	0	248
Benefits paid	-8,296	-1,472	-9,768	-6,084	-1,449	-7,533
Settlements	0	0	0	0	0	0
Other	0	0	0	0	0	0
Fair value of plan assets at end of year	**103,394**	**0**	**103,394**	**96,823**	**0**	**96,823**
Actual return on plan assets	6,076	0	6,076	-16,968	0	-16,968
Defined benefit obligation	-140,630	-32,271	-172,901	-140,566	-33,242	-173,808
Fair value of plan assets	103,394	0	103,394	96,823	0	96,823
Deficit or surplus	**-37,236**	**-32,271**	**-69,507**	**-43,743**	**-33,242**	**-76,985**
Unrecognised actuarial gains and losses	0	0	0	0	0	0
Unrecognised past service costs	0	0	0	0	0	0
Asset ceiling	0	0	0	0	0	0
Net liability	**-37,236**	**-32,271**	**-69,507**	**-43,743**	**-33,242**	**-76,985**

The cost for the fiscal year related to pensions and other benefits can be broken down as follows:

Expense of the period		(In thousands of euro)
	31-12-2009	**31-12-2008**
Service costs	-5,766	-6,746
Interest costs	-8,294	-8,353
Expected return on plan assets	5,652	6,016
Actuarial gains and losses	680	398
Past service costs	0	0
Profit or loss on curtailments and settlements	0	0
Asset ceiling	0	0
Total	**-7,728**	**-8,685**

Service costs for the year are recorded as personnel costs and net additions to the provisions. Interest costs are recorded as financial expense while the expected return on plan assets is included in financial income.

At 31 December 2009, the cumulative actuarial losses directly recognised in equity and related deferred taxes amounted to €10,333 thousand compared to cumulative actuarial losses of €15,534 thousand at the end of 2008, which represents an increase of €5,201 thousand for the fiscal year.

The plan assets listed by principal asset categories are as follows:

		(in %)
	31-12-2009	**31-12-2008**
Shares	23%	30%
Bonds	54%	41%
Property	8%	9%
Other (including monetary assets)	15%	20%
Total	**100%**	**100%**

Actuarial assumptions

The actuarial assumptions for the Fluxys Group have been determined by qualified actuaries. The principal assumptions are:

Principal actuarial assumptions (in %)

	31-12-2009		31-12-2008	
	Pensions	**Other benefits**	**Pensions**	**Other benefits**
Discount rate	4.60%	4.60%	5.20%	5.20%
Expected return on plan assets	6.00%	-	5.30%	-
Expected salary increase	4.00%	4.00%	4.20%	4.20%
Increase in medical costs	-	3.00%	-	3.20%

The expected return on plan assets is determined by asset category, with each asset category having its own estimated rate of return.

The impact of a change of 1% on medical costs is as follows:

	Increase of 1%	**Decrease of 1%**
Aggregate of the service cost and interest cost	-158	120
Defined benefit obligation	-1,979	1,553

The following table shows experience adjustments to actuarial gains and losses:

Change over five periods

	2009	**2008**	**2007**	**2006**	**2005**
Defined benefit obligation	-172,901	-173,808	-166,343	-179,548	-185,931
Fair value of plan assets	103,394	96,823	113,791	124,289	117,428
Deficit or surplus	-69,507	-76,985	-52,552	-55,259	-68,503
Experience adjustments resulting from:					
Defined benefit obligation	10,962	5,044	-1,196	820	352
Plan assets	424	-22,984	-1,512	6,812	5,966

The Group expects to contribute €9,707 thousand to its defined benefit pension plans in 2010.

NOTE 28. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax liabilities			(In thousands of euro)
	31-12-2009	**31-12-2008 Restated**	**Change**
Valuation of property, plant and equipment	503,804	528,516	-24,712
Income to be received	5,884	5,807	77
Fair value of financial instruments	6,656	3,946	2,710
Tax credits	0	0	0
Provisions for employee benefits or provisions not accounted for under IFRS	10,701	8,972	1,729
Other normative differences	3,314	1,342	1,972
Total	**530,359**	**548,583**	**-18,224**

Deferred tax assets and liabilities are offset within each taxable entity.

The main source of deferred tax is the difference between the book base and the tax base of property, plant and equipment. This difference arises first from the recognition in the opening balance sheet of acquired property, plant and equipment at their fair value corresponding to their deemed cost and, second, from the allocation of goodwill in relation to the SEGEO and Distrigas & C° business combinations in 2008.

Provisions made in accordance with IFRS 19 'Employee benefits' and provisions recognised under Belgian standards but not accounted for under IFRS are another major source of deferred tax.

Finally, the measurement of financial instruments at their fair value also leads to the recognition of deferred tax. The financial instruments involved are interest rate swaps, forward contracts in USD and the valuation of call/put options relating to the LNG ship. See the note on financial instruments for more information in this regard.

All deferred tax assets and liabilities are recognised, except for deferred taxes on the retained earnings of subsidiaries. The Fluxys Group's share in those unrecognised deferred tax liabilities of Fluxys LNG, Huberator and GMSL is estimated at €1,113 thousand.

NOTE 29. CURRENT TAX PAYABLE

Current tax payable			(In thousands of euro)
	31-12-2009	31-12-2008	Change
Income tax payable	11,717	8,361	3,356
Total	**11,717**	**8,361**	**3,356**

Current tax payable comprises income tax payable. The increase is due to the estimated 2009 income tax payable upon receipt of the notification/assessment.

Current tax receivables and payables are recognised separately for each legal entity.

NOTE 30. TRADE AND OTHER LIABILITIES

Trade and other liabilities			(In thousands of euro)
	31-12-2009	31-12-2008	Change
Trade payables	90,359	80,649	9,710
Payroll and related items	20,284	19,101	1,183
Other amounts payable	2,391	3,909	-1,518
Total	**113,034**	**103,659**	**9,375**

Trade and other liabilities increased compared to 2008 due to higher trade payables. This was in turn influenced by the receipt of a considerable number of investment-related invoices in December 2009.

NOTE 31. OTHER CURRENT LIABILITIES

Other current liabilities			(In thousands of euro)
	31-12-2009	31-12-2008	Change
Deferred income	1,801	2,249	-448
Accrued expenses	594	1,235	-641
Total	**2,395**	**3,484**	**-1,089**

Other current liabilities include unearned income to be carried forward to the next fiscal year and accrued expenses.

NOTE 32. CONTINGENT ASSETS AND LIABILITIES AND THE GROUP'S RIGHTS AND COMMITMENTS

32.1 Litigation

32.1.1. Litigation regarding the oil business

Pursuant to an agreement signed on 9 November 1979, the Belgian State commissioned Fluxys SA (formerly Distrigas) to negotiate the purchase of crude oil with the Kingdom of Saudi Arabia. Fluxys SA (formerly Distrigas) accepted this assignment provided that the Belgian State covered the costs, losses and all risks inherent to this assignment.

As part of the decision to discontinue the oil business, claims were submitted to the Belgian State and to Fluxys SA (formerly Distrigas).

The risk incurred by Fluxys SA (formerly Distrigas) is covered by a guarantee from the Belgian State (Royal Decree of 3 February 1981 – Belgian Official Gazette of 17 February 1981) pursuant to the agreement of 9 November 1979 between the Belgian State and Fluxys SA (formerly Distrigas) and the letter of 30 December 1983 from the Ministers of Finance and Economic Affairs.

32.1.2. Other litigation

CREG decisions

As mentioned in the foreword to the directors' report of the 2008 annual report, Fluxys appealed against the decisions on tariffs taken by CREG in 2008. Given that no final judgment had been issued when these financial statements were authorised for issue, and notwithstanding the fact that it formally disputes CREG's decisions, Fluxys Group decided to act prudently and incorporate the results of CREG's decisions in these financial statements for 2008 and 2009.

Income tax expenses

In 2007, 2008 and 2009, amendment notices for the tax years between 2004 and 2006 were issued by the tax authorities. The resulting tax assessments amounting to €2,520 thousand were received and are settled when due. They are disputed by the relevant companies of the Group and have not been recognised in profit and loss.

Other claims

Other claims arising from the operation of our gas transmission network are in progress but their potential impact is immaterial.

32.2a Assets and items held for third parties, in their name, but at the risk and for the benefit of companies included in the consolidation scope

In the ordinary course of business the Fluxys Group holds gas belonging to its customers at its storage sites in Loenhout and at the Peak Shaving facility in Dudzele and in the tanks at the LNG terminal in Zeebrugge. At 31 December 2009 the quantities of gas involved amounted to 6,414,809 MWh.

32.2b Assets and items held by third parties, in their name, but at the risk and for the benefit of the company

At 31 December 2009 Fluxys was storing 108,549 MWh of gas with third parties.

32.3 Guarantees received

Bank securities for the benefit of the Group comprise guarantees received from contractors in respect of construction contracts as well as bank guarantees received from customers. At 31 December 2009 the guarantees received amounted to €150,973 thousand.

32.4 Guarantees provided by third parties on behalf of the company

Rental guarantees in favor of the owners of assets located in Belgium and leased by the Group amounted to €814 thousand at 31 December 2009. At 31 December 2009 other guarantees amounted to €53 thousand.

32.5 Guarantees as part of the financing of the Zeepipe Terminal

Fluxys is committed vis-à-vis the Cosutrel coordination center and Fortis in relation to the financing of its share of the Zeepipe Terminal facilities. The remaining balance of this funding commitment amounted to €1,785 thousand at 31 December 2009.

32.6 Long-term leases and availability agreements

To meet the requirements of its activities Fluxys signed various long-term operating leases with minimum future lease payments of €3,017 thousand at 31 December 2009.

Maturity of minimum future payments in respect of lease payments under non-cancelable operating leases		(In thousands of euro)
	31-12-2009	**31-12-2008**
Up to one year	875	1,712
One to five years	2,142	2,589
Over five years	0	428
Total	**3,017**	**4,729**

The Fluxys Group also has availability agreements (including so-called 'domanial concessions') with third parties for sites on which its facilities are being built. These agreements expire between 2011 and 2059.

32.7 Commitments with regard to the Interconnector Zeebrugge Terminal (IZT)

The IZT lease contract includes a purchase option for the lessee that can be exercised on 1 October 2018 for an amount of €4,593 thousand. As part of this transaction, surface rights have been attributed.

32.8 Commitments as part of the RTR lease agreement

As part of the RTR lease agreement, Fluxys made a commitment to G.I.E Finpipe to pay royalties for the availability of the RTR facilities. In addition, G.I.E. Finpipe entrusted an assignment for delegation and construction management to Fluxys on 29 September 1998.

32.9 Commitments as part of the Troll lease agreement

As part of the Troll lease agreement, Fluxys made a commitment to pay royalties to G.I.E. Finpipe for the availability of the Troll facilities, to purchase the facilities and to take over the related financing arrangements under certain circumstances. Furthermore, G.I.E. Finpipe entrusted an assignment for delegation and construction management to Fluxys on 14 August 1991.

32.10 Commitments under the capacity subscription agreements

The Capacity Subscription Agreements ('CSA') concluded with the users (shippers) of the Zeebrugge LNG terminal provide for 1,821 slots to be available from 2010 to 2027.

32.11 Commitments to the European Investment Bank - loans

The Fluxys Group was granted two loans by the European Investment Bank (EIB). These loans contain a 'pari passu' clause and other contractual clauses (financial covenants) which are fulfilled by the Fluxys Group at 31 December 2009.

32.12 Acquisition of Fluxys & Co

As regards border-to-border transmission activities, the transaction for the acquisition of Fluxys & Co includes a price escalation clause if any legislative, regulatory or judicial decisions issued between now and the end of the adjustment period, which runs to 2015, generate a higher value for the border-to-border transmission activities than the agreed upon price (€350 million).

Furthermore, Fluxys obtained a non-joint and non-several guarantee of €250 million from SUEZ-Tractebel and Publigas to cover the risk that the value of the activities mentioned above would be less than €350 million, as a result of legislative, regulatory or judicial decisions. This guarantee is also valid until 2015.

On 18 December 2009 Fluxys and CREG entered into a tariff agreement which led for 2010 and 2011 to a tariff proposal by Fluxys that was approved by CREG on 22 December 2009.

On 12 January 2010 SUEZ-Tractebel sent a letter to Fluxys in which it reserves its rights with regard to the guarantee received by Fluxys in relation to the acquisition of Distrigas & C°, because Fluxys did not defend the maintenance of the sanctity of contracts, in view of the decision of CREG of 22 December 2009.

Fluxys disputes the reservations issued by SUEZ-Tractebel. The company believes that the agreement of 18 December 2009 did not affect the final value that will be determined for the border-to-border transmission activities of Distrigas & C°.

According to Fluxys, the agreement contains no provisions on the issue of applying the 'sanctity of contracts' system for historical border-to-border transmission contracts. The agreement contains explicit reservations in this regard.

Finally, Distrigas has a call option on the interest in the LNG ship. It can exercise this option for six months at the end of a period of three years. The exercise price of the option has been set at €70 million. Fluxys also has a put option with SUEZ-Tractebel (or any other entity designated by SUEZ-Tractebel) on this same interest under the same conditions, should Distrigas not exercise its option.

32.13 Environmental policy

Fluxys has a program in place to bring its facilities in conformity with noise, atmospheric emission and soil pollution standards, and to clean up existing pipelines. Commitments under this program were estimated at €10,938 thousand at 31 December 2009.

This program is monitored by the internal environmental coordination unit responsible, among others, for implementing and monitoring Fluxys's environmental policy.

32.14 Other commitments made and received

Other commitments have been made and received by the Fluxys Group, but their potential impact is immaterial.

NOTE 33. FINANCIAL INSTRUMENTS

Principles for managing financial risks

In the course of conducting its activities, the Fluxys Group is exposed to credit and counterparty risks, liquidity and interest rate risks and foreign exchange and market risks, all of which affect its assets and its liabilities.

The Group's administrative organization, controlling function and financial reports ensure that these risks are constantly monitored and managed.

The Group may only use financial instruments for hedging, and not for speculative or trading purposes. All transactions are intended to meet the liquidity needs of companies belonging to the Fluxys Group: no transaction may be entered into for the sole purpose of earning a speculative gain.

Cash management policy

Fluxys Group's cash is managed as part of a general policy that was approved by the Board of Directors.

The objective is to optimize the Group's cash management through the internal recycling of resources to finance investment projects. Transactions are entered into at market terms and conditions.

When needed, the Fluxys Group can also make short-, medium- or long-term borrowings to meet its cash requirements.

Cash surpluses are normally used to cover the operational needs and investment projects of companies belonging to the Fluxys Group. Internal investments are continuously monitored and risks are evaluated on a case-by-case basis.

Cash surpluses are maintained at first class financial institutions or invested in financial instruments issued by companies with a high credit rating or in financial instruments of issuers which are covered by a guarantee from a European national government or whose share capital is predominantly controlled by state-owned entities. Cash surpluses are invested following a competitive bidding award, and in instruments that are sufficiently diversified to limit counterparty risk concentration.

At 31 December 2009, short-term investments, cash and cash equivalents amounted to €530,414 thousand. In the majority of cases, cash surpluses cannot be deposited for more than three months.

Credit and counterparty risks

The Group systematically assesses its counterparties' financial capacity and systematically monitors trade receivables. Group policy regarding counterparty risks requires that the Group submits potential customers and suppliers to a detailed preliminary financial analysis (liquidity, solvency, profitability, reputation and risks). The Group uses internal and external information, such as official analyses performed by rating agencies (Moody's, Standard & Poor's and Fitch). These rating agencies assess companies in relation to risk and award them a credit score. The Group also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers. In addition, for most of its activities the Group is allowed to contractually require guarantees (either bank guarantees or cash deposits) from counterparties. The Group thereby reduces its exposure to credit risk both in terms of default and concentration of risk.

Foreign exchange risk

The Group's transactions are mostly denominated in EUR.

Group policy requires that all foreign currency assets and liabilities be hedged. Residual foreign currency positions may remain open for short periods, provided that they involve the Group's main currencies and as long as the total net position does not exceed €1 million.

The activities of the subsidiary GMSL are denominated in GBP, but only for limited amounts that do not require hedging.

However, the Group is exposed to risks related to EUR/USD exchange rate fluctuations, mainly because of its interest in the LNG ship, which generates revenues denominated in USD. The Group has entered into foreign exchange contracts to hedge this risk. Although these contracts largely offset exposure to USD, they do not meet the strict criteria for hedge accounting set out in IAS 39 'Financial Instruments: Recognition and Measurement'.

Therefore, a sensitivity analysis would not be representative of the risk associated with these financial instruments.

The fair value of these financial instruments is reported as an asset in the 'Other financial assets' section of the balance sheet and amounted to €19,521 thousand at 31 December 2009. During the year their fair value increased by €4,554 thousand. The hedged notional amount was US$ 77.4 million and maturities fall between 2010 and 2022.

Interest rate risk

The Group's debt mainly consists of fixed interest rate loans amounting to €825,088 thousand at 31 December 2009 and maturing between 2011 and 2033 and finance lease payables with durations of between 17 and 20 years (fixed at the outset).

Part of the liabilities from finance leases is financed at a short-term interest rate. To manage this risk exposure, the Group uses interest rate swap contracts to swap a floating rate for a fixed rate of 5.19%. Although these contracts largely offset the risk exposure, they do not meet the strict criteria for hedge accounting under IAS 39 'Financial Instruments: Recognition and Measurement'.

The fair value of these financial instruments was reported as a liability under 'Other financial liabilities' and amounted to €3,806 thousand at 31 December 2009. During the year their fair value decreased by €473 thousand. The hedged notional amount amounted to €44.1 million and maturities fall between 2010 and 2014.

In addition, the Group's interest-bearing liabilities include tariff gains to be used within the regulatory framework. As further explained in Note 25, these tariff gains carry interest at the 'Euribor 1 year' rate, which was set by the Royal Decree on Tariff Structure of 8 June 2007. The Group does not incur any interest rate risks related to this.

Therefore, a sensitivity analysis is not representative of the risk inherent in these financial instruments.

Consequently, the Fluxys Group's exposure to interest rate risk is very limited.

Liquidity risk

Liquidity risk management is essential since maximum liquidity and optimum use of cash represent a major objective of the Fluxys Group. The amounts invested and the investment period reflect the short- and long-term planning of cash needs as closely as possible, taking into account operational risks.

Call/put options

Distrigas has a call option on the interest in the LNG ship which can be exercised for six months after a period of three years. The exercise price of the option is €70 million. Fluxys also has a put option with SUEZ-Tractebel (or any other company it designates within the SUEZ-Tractebel group) on the interest in the LNG ship which can be exercised under the same conditions, should Distrigas not exercise its option.

These options were valued in the financial statements (IFRS) at €3,729 thousand at 31 December 2009. They are reported in the 'Other financial assets' section of the balance sheet.

Summary of financial instruments at balance sheet date							(In thousands of euro)
	31-12-2009	Notes	Financial assets or financial liabilities at cost	Held-to-maturity investments at cost	Assets or liabilities at fair value	Loans and receivables at cost	Other liabilities at cost
I. Non-current assets			**84,242**	**0**	**0**	**29,088**	**0**
Other non-current financial assets	84,242	16	84,242				
Finance lease receivables	29,088	7b-17				29,088	
Other non-current assets	0	18					
II. Current assets			**0**	**514,389**	**39,275**	**65,906**	**0**
Other current financial assets	23,250	33			23,250		
Finance lease receivables	1,395	7b - 17				1,395	
Trade and other receivables	64,511	21				64,511	
Short-term investments	16,025	7b - 22			16,025		
Cash and cash equivalents	514,389	7b - 22		514,389			
Total financial instruments – assets	**732,900**		**84,242**	**514,389**	**39,275**	**94,994**	**0**
II. Non-current liabilities			**1,040,580**	**0**	**0**	**0**	**0**
Interest-bearing liabilities	1,040,580	8-25	1,040,580				
III. Current liabilities			**81,998**	**0**	**3,806**	**0**	**113,034**
Interest-bearing liabilities	81,998	8-25	81,998				
Other financial liabilities	3,806	33			3,806		
Trade and other payables	113,034	30					113,034
Total financial instruments – liabilities	**1,239,418**		**1,122,578**	**0**	**3,806**	**0**	**113,034**

Summary of financial instruments at balance sheet date							(In thousands of euro)
	31-12-2008 Restated	Notes	Financial assets or financial liabilities at cost	Held-to-maturity investments at cost	Assets or liabilities at fair value	Loans and receivables at cost	Other liabilities at cost
I. Non-current assets			**2,989**	**0**	**0**	**30,714**	**0**
Other non-current financial assets	2,989	16	2,989				
Finance lease receivables	30,486	7b-17				30,486	
Other non-current assets	228	18				228	
II. Current assets			**0**	**166,658**	**22,552**	**72,885**	**0**
Other current financial assets	22,552	33			22,552		
Finance lease receivables	1,093	7b - 17				1,093	
Trade and other receivables	71,792	21				71,792	
Cash and cash equivalents	166,658	7b - 22		166,658			
Total financial instruments – assets	**295,798**		**2,989**	**166,658**	**22,552**	**103,599**	**0**
II. Non-current liabilities			**534,157**	**0**	**0**	**0**	**0**
Interest-bearing liabilities	534,157	8-25	534,157				
III. Current liabilities			**186,500**	**0**	**3,333**	**0**	**103,659**
Interest-bearing liabilities	186,500	8-25	186,500				
Other financial liabilities	3,333	33			3,333		
Trade and other payables	103,659	30					103,659
Total financial instruments – liabilities	**827,649**		**720,657**	**0**	**3,333**	**0**	**103,659**

The Group had €66,997 thousand in unused credit lines available at 31 December 2009, which is the same as at 31 December 2008.

NOTE 34. RELATED PARTIES

The Fluxys Group is controlled by Publigas.

In 2009 the consolidated financial statements include transactions entered into by the Group in the ordinary course of business with non-consolidated companies. These transactions are entered into under market terms and conditions and mainly consist of transactions with Electrabel, SUEZ-Tractebel and BPC.

In 2008 transactions with related parties mainly involved transactions in the first half of the year with the SUEZ Group, i.e. with Distrigas for gas transmission, storage and terminalling services, Distrigas & C° (controlled by Fluxys since 1 July 2008) for services related to gas transmission, Finpipe with which Fluxys has concluded lease contracts, Electrabel for electricity supply, and Cosutrel for the provision of loans.

I.	**ASSETS WITH RELATED PARTIES**
	1. Other financial assets
	1.1. Securities other than shares
	1.2. Loans
	2. Other non-current assets
	2.1. Finance lease contracts
	2.2. Other non-current receivables
	3. Trade and other receivables
	3.1. Trade receivables
	3.2. Finance lease contracts
	3.3. Other receivables
	4. Cash and cash equivalents
	5. Other current assets
II.	**LIABILITIES WITH RELATED PARTIES**
	1. Interest-bearing liabilities (current and non-current)
	1.1. Bank borrowings
	1.2. Finance lease contracts
	1.3. Bank overdrafts
	1.4. Other borrowings
	2. Trade and other payables
	2.1. Trade payables
	2.2. Other payables
	3. Other current liabilities
III.	**TRANSACTIONS WITH RELATED PARTIES**
	1. Sale of non-current assets
	2. Purchase of non-current assets (-)
	3. Services rendered and goods delivered
	4. Services received (-)
	5. Transfers under finance arrangements
	6. Key management personnel remunerations (including directors)
	Short-term employee benefits
	Post-employment benefits

(In thousands of euro)

	31-12-2009				31-12-2008			
	Joint ventures	Associates	Other related parties	Total	Joint ventures	Associates	Other related parties	Total
	0	**216**	**0**	**216**	**0**	**337**	**0**	**337**
	0	**31**	**0**	**31**	**0**	**31**	**0**	**31**
	0	31	0	31	0	31	0	31
	0	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	**185**	**0**	**185**	**0**	**306**	**0**	**306**
	0	185	0	185	0	217	0	217
	0	0	0	0	0	0	0	0
	0	0	0	0	0	89	0	89
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	**317**	**0**	**317**	**0**	**909**	**0**	**909**
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	**317**	**0**	**317**	**0**	**909**	**0**	**909**
	0	161	0	161	0	752	0	752
	0	156	0	156	0	157	0	157
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	**767**	**0**	**767**	**3,698**	**670**	**141,877**	**146,245**
	0	**0**	**0**	**0**	**-910**	**-2,318**	**-4,840**	**-8,068**
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	**0**	**2,629**	**2,629**	**0**	**0**	**2,816**	**2,816**
			2,203	2,203			2,374	2,374
			426	426			442	442

NOTE 35. SEGMENT INFORMATION

Operating segments

The Fluxys Group carries out activities in the following operating segments: transmission, storage, and LNG terminalling activities in Belgium, and other activities.

The segment information is based on classification into these operating segments.

Transmission activities comprise all operations subject to the Gas Law [1] related to transmission in Belgium.

Storage activities comprise all operations subject to the Gas Law [1] related to storage in Belgium at Loenhout and Dudzele.

Terminalling activities comprise all activities subject to the Gas Law [1] related to the LNG terminal in Belgium at Zeebrugge.

The segment 'other activities' comprises other services rendered by the Fluxys Group such as managing the Zeebrugge Hub, participating in the IZT and ZPT terminals in Belgium [2], participating in gas transmission projects outside Belgium (BBL facilities), chartering an LNG ship, gas dispatching services, the sale of software solutions to natural gas producers, shippers and traders, work for third parties and cathodic protection works.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments mainly relate to capacity reservations by one segment subject to the Gas Law to another.

They are valued on the basis of the regulated tariffs in force.

Information relating to the main customers

Thanks to the payment terms granted to customers (payment within 30 days), a strict monitoring policy of its trade receivables and a systematic evaluation of the financial capacity of its counterparties Fluxys Group limits its exposure to credit risk and to default and concentration risks.

(1) Law of 12 April 1965 on transmission of gaseous and other products by pipeline, as subsequently amended
(2) Interconnector Zeebrugge Terminal (IZT) and Zeepipe Terminal (ZPT).

Segment income statement at 31-12-2009						(In thousands of euro)
	Trans-mission	**Storage**	**LNG terminalling**	**Other activities**	**Inter-segment transfers**	**Total**
Revenue						
Sales and services to external customers	479,880	44,153	93,516	70,481	0	688,030
Transactions with other segments	6,638	2,606	6,026	7,145	-22,415	0
Other operating income	3,229	202	301	5,128	-500	8,360
Consumables, merchandise and supplies used	-18,410	-720	-8,076	-3,126	0	-30,332
Miscellaneous goods and services	-124,746	-13,078	-25,547	-19,106	22,915	-159,562
Employee expenses	-82,908	-12,904	-11,750	-7,053	0	-114,615
Other operating expenses	-6,715	-745	-1,769	-285	0	-9,514
Depreciation and amortisation	-89,281	-7,739	-19,558	-6,252	0	-122,830
Provisions for risks and charges	-81,522	82	78	3,894	0	-77,468
Impairment losses	-93	0	-13	-9	0	-115
Profit from continuing operations	**86,072**	**11,857**	**33,208**	**50,817**	**0**	**181,954**
Gain/loss from disposal of financial assets				198		198
Changes in the fair value of financial instruments	-473			1,141		668
Financial income				11,603		11,603
Financial expenses	-21,242	-3,131	-2,694	-13,487		-40,554
Profit/loss from continuing operations after net financial result	**64,357**	**8,726**	**30,514**	**50,272**	**0**	**153,869**
Income tax expense						-48,712
Profit/loss for the period						**105,157**

The border-to-border transmission activities using the Troll and RTR pipelines, which made a contribution to the whole year in 2009 as opposed to half a year in 2008 (up €81,688 thousand) and the activities of SEGEO, absorbed by Fluxys in 2009, which were proportionately consolidated until 30 June 2008 (up €703 thousand), had a positive impact on transmission revenue.

The result from LNG terminalling activities rose following the commissioning of the extension of the facilities of the Zeebrugge LNG terminal on 1 April 2008.

Results from the company's other activities also increased slightly compared to 2008, mainly thanks to the income from the LNG ship, in which Fluxys & Co holds a 49% interest – income which was consolidated for a full year in 2009 as opposed to only half a year in 2008.

Segment balance sheet at 31-12-2009						(In thousands of euro)
	Transmission	**Storage**	**LNG terminalling**	**Other activities**	**Unallocated**	**Total**
Property, plant and equipment	1,529,077	200,744	410,248	186,261	0	2,326,330
Intangible assets	296,260	213	12	0	0	296,485
Goodwill	0	0	0	3,465	0	3,465
Inventories	67,689	0	157	5	0	67,851
Other current financial assets	27	0	0	23,223	0	23,250
Finance lease receivables	0	0	0	30,483	0	30,483
Net trade receivables	13,404	77	677	7,211	0	21,369
Other assets	0	0	0	0	674,932	674,932
						3,444,165
Interest-bearing liabilities	573,922	84,594	99,666	364,396	0	1,122,578
Other current financial liabilities	3,806	0	0	0	0	3,806
Other liabilities	0	0	0	0	2,317,781	2,317,781
						3,444,165
Investments in property, plant and equipment for the fiscal year	182,728	37,595	4,402	1,923		226,648
Investments in intangible assets for the fiscal year	10,423	0	0	0		10,423

Segment income statement at 31-12-2008 Restated						(In thousands of euro)
	Trans-mission	Storage	LNG terminalling	Other activities	Inter-segment transfers	Total
Revenue						
Sales and services to external customers	402,673	44,450	76,381	68,699	0	592,203
Transactions with other segments	10,082	2,576	5,828	9,008	-27,494	0
Other operating income	2,764	232	171	10,105	-48	13,224
Consumables, merchandise and supplies used	-16,256	-1,366	-6,611	-9,124	2,859	-30,498
Miscellaneous goods and services	-124,425	-14,625	-19,168	-14,707	24,683	-148,242
Employee expenses	-76,877	-12,201	-11,093	-6,303	0	-106,474
Other operating expenses	-4,707	-726	-2,109	-575	0	-8,117
Depreciation and amortisation	-63,410	-7,255	-13,195	-5,297	0	-89,157
Provisions for risks and charges	-51,595	-53	-106	-1,974	0	-53,728
Impairment losses	-2,818	0	0	-322	0	-3,140
Profit from continuing operations	**75,431**	**11,032**	**30,098**	**49,510**	**0**	**166,071**
Gain/loss from disposal of financial assets				3,016		3,016
Changes in the fair value of financial instruments	-2,147			-384		-2,531
Financial income				24,400		24,400
Financial expenses	-12,549	-2,083	-2,867	-17,899		-35,398
Profit/loss from continuing operations after net financial result	**60,735**	**8,949**	**27,231**	**58,643**	**0**	**155,558**
Income tax expense						7,499
Profit/loss for the period						-45,079
Revenue						**117,978**

Segment balance sheet at 31-12-2008 Restated						(In thousands of euro)
	Transmission	**Storage**	**LNG terminalling**	**Other activities**	**Unallocated**	**Total**
Property, plant and equipment	1,420,460	170,951	425,390	193,459	0	2,210,260
Intangible assets	304,048	151	15	0	0	304,214
Goodwill	0	0	0	3,230	0	3,230
Inventories	67,018	0	177	786	0	67,981
Other current financial assets	366	0	0	22,186	0	22,552
Finance lease receivables	0	0	0	31,579	0	31,579
Net trade receivables	15,545	0	223	9,498	0	25,266
Other assets	40,013	0	0	0	209,757	249,770
						2,914,852
Interest-bearing liabilities	241,588	40,101	94,385	344,583	0	720,657
Other current financial liabilities	3,333	0	0	0	0	3,333
Other liabilities	0	0	0	0	2,190,862	2,190,862
						2,914,852
Investments in property, plant and equipment for the fiscal year	128,598	40,601	26,714	2,134	0	198,047
Investments in intangible assets for the fiscal year	11,016	175	15	0	0	11,206

NOTE 36. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

Pursuant to Article 11 of the Articles of Association, the Board of Directors of Fluxys SA comprises 24 members. Representatives of the federal government attend the meetings of the Board of Directors and the Strategic Committee.

The General Assembly of 8 May 2007 decided to bring the total maximum amount of the directors' fees to € 360,000 per annum indexed. As from 1 January 2006 the directors also receive an attendance fee.

Pursuant to Article 18 of the Articles of Association of Fluxys, the Board of Directors is authorized to pay a special remuneration to directors who carry out special duties for the company. The Board also has the right to reimburse travel expenses and costs incurred by the members of the Board of Directors.

The Fluxys Group has not granted any loans to directors; in addition, the directors have not entered into unusual or abnormal transactions with the Group.

For further information, the reader should refer to the 'Corporate Governance' chapter in the management report and to Note 34 'Related Parties' for the breakdown of remuneration by category.

NOTE 37. SUBSEQUENT EVENTS

There have been no subsequent events with a material impact on the financial statements.

IV. STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment and note.

Unqualified audit opinion on the consolidated financial statementss

We have audited the accompanying consolidated financial statements of Fluxys SA ("the company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash-flow statement for the year then ended, as well as a summary of the most significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of €3,444,165(,000) and a consolidated profit (Group share) for the year of €103,242(,000).

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes, among other things, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises". Those standards require us to plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We have also assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position as of 31 December 2009, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment and note

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comment and note which do not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our duties.
- As indicated in Notes 3.2 "Fluxys & Co business combination completed" and 3.3 "SEGEO business combination completed" of the consolidated financial statements, the data for 31 December 2008 have been adjusted following completion of the administrative processing of the business combinations with Fluxys & Co and SEGEO.

Antwerp, 11 March 2010

The statutory auditor
DELOITTE Bedrijfsrevisoren/Réviseurs d'Entreprises
BV o.v.v.e. CVBA/SC s.f.d. SCRL
Represented by Jurgen Kesselaers

The LNG terminal in Zeebrugge saw a particularly high level of activity in 2009 with 78 ships unloaded.

V. STATUTORY ACCOUNTS OF FLUXYS SA UNDER BELGIAN GAAP

Given the significance of the equity as well as the revenue of the parent company in the consolidated financial statements, the publication of the detailed version of the annual accounts and the notes to the accounts in this brochure would, in the majority of cases, be redundant given the explanations found in the consolidated accounts.

Pursuant to Article 105 of the Companies Code, it has therefore been decided to present an abridged version of the annual accounts of Fluxys SA.

The Statutory auditor issued an unqualified audit opinion on the annual accounts of Fluxys SA.

These documents have been deposited with the National Bank of Belgium and are available upon request at the following address:

Fluxys SA
Department Communication
Avenue des Arts 31, 1040 Brussels – Belgium

I. BALANCE

Assets	(In thousands of euro)	
	31-12-2009	31-12-2008
Fixed assets	**2,204,142**	**2,344,555**
Formation expenses	801	0
Intangible fixed assets	202,331	17,534
Tangible fixed assets	1,750,023	1,243,155
Financial fixed assets	250,987	1,083,866
Current assets	**606,846**	**259,364**
Amounts receivable after more than one year	48,063	61,354
Stock and contracts in progress	67,689	67,333
Amounts receivable within one year	62,930	21,823
Current investments	417,053	49,688
Cash at bank and in hand	475	89
Deferred charges and accrued income	10,636	59,077
Total	**2,810,988**	**2,603,919**

Equity and liabilities	(In thousands of euro)	
	31-12-2009	31-12-2008
Equity	**1,387,407**	**1,167,551**
Capital	60,272	60,272
Share premium account	38	38
Revaluation surpluses	837,305	679,519
Reserves	433,223	384,606
Accumulated profits	56,569	43,116
Provisions and deferred taxes	**214,736**	**53,927**
Provisions for risks and charges	213,037	53,927
Deferred taxes	1,699	0
Amounts payables	**1,208,845**	**1,382,441**
Amounts payable after more than one year	818,331	351,944
Amounts payable within one year	238,791	897,126
Deferred charges and accrued income	151,723	133,371
Total	**2,810,988**	**2,603,919**

II. INCOME STATEMENT

Income statement		(In thousands of euro)
	31-12-2009	**31-12-2008**
Operating income	591,036	476,355
Operating charges	477,266	352,912
Operating profit	**113,770**	**123,443**
Financial income	29,209	19,783
Financial charges	28,932	30,082
Net financial income	**277**	**-10,299**
Profit on ordinary activities before taxes	**114,047**	**113,144**
Extraordinary income	3,144	1,226
Extraordinary charges	2,084	3
Net extraordinary income/(expense)	**1,060**	**1,223**
Profit for the period before taxes	**115,107**	**114,367**
Income taxes	**-49,169**	**-48,435**
Profit for the period	**65,938**	**65,932**
Transfer to untaxed reserves	**-3,301**	**0**
Profit for the period available for appropriation	**62,637**	**65,932**

III. APPROPRIATION ACCOUNT

Appropriation account	(In thousands of euro)	
	31-12-2009	31-12-2008
Profit to be appropriated	**105,753**	**92,300**
Profit for the period available for appropriation	62,637	65,932
Profit carried forward from the previous period	43,116	26,368
Transfer from equity	**0**	**0**
From reserves	0	0
Transfer to equity	**0**	**0**
To the legal reserve	0	0
To the other reserves	0	0
Result to be carried forward	**56,569**	**43,116**
Profit to be carried forward	56,569	43,116
Profit to be distributed	**49,184**	**49,184**
Dividends	49,184	49,184
If the above proposal is accepted and taking tax requirements into account, the annual dividend, net of withholding tax, will be:	52,50 €	52,50 €

In 2009, no interim dividend was paid. The gross dividend per share for 2009 will be €70.00 (€52.50 net). This will be paid as from 20 May 2010.

IV. CAPITAL AT THE END OF THE PERIOD

Capital at the end of the period	31-12-2009
Subscribed capital (in thousands of €)	
At the end of the previous period	60,272
At the end of the period	60,272

Capital represented by	
Registered shares	622,033
Dematerialised shares	72,870
Bearer shares	7,733

Shareholder structure

Declarant	Date of declaration	Share category	Number of voting rights declared	%
Electrabel	21-12-2009	A/D	270,530	38.50
Publigas	21-12-2009	B/D	361,641	51.47
			632,171	**89.97**

The Belgian State holds one specific share.

V. INCOME TAXES

Income taxes	(In thousands of euro)
	31-12-2009
Breakdown of heading 670/3*	
Income taxes on the result of the current period	**50,800**
Taxes and withholding taxes due or paid	50,178
Excess of income tax prepayments	0
Estimated additional taxes	622
Income taxes on previous periods	**0**
Additional taxes due or paid	0
Additional taxes (estimated or provided for)	0
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**115,107**
Permanent differences:	**34,287**
Definitively taxed income	-21,978
Non-deductible expenses	4,000
Taxable reserves	55,338
Badwill SEGEO	-3,073
Total	**149,394**

** The regularisation of taxes (accounts 77) for an amount of -1,631 k€ is not registered in this item.*

VI. WORKFORCE

ONSS N°: 030012851238
Joint Commission N°: 326

1. HEADCOUNT

A. Employees recorded in the personnel register

1. During the year and the previous year

	1. Full time 2009	2. Part time 2009	3. Total 2009	4. Total 2008
Average number of employees	947.0	81.2	1,008.47*	951.39*
Actual number of hours worked	1,421,274.88	91,051.80	1,512,326.68	1,441,617.11
Personnel costs	101,660,287.95	5,727,559.96	107,387,847.91	99,681,307.68
Benefits provided in addition to salary			1,642,522.18	1,686,200.73

2. At the year end

	1. Full time	2. Part time	3. Total FTE*
a. Number of employees recorded in the personnel register	972	87	1,038.11
b. By contract type			
Permanent	939	86	1,004.31
Fixed term	33	1	33.80
Contract	0	0	0.00
Replacement	0	0	0.00
c. By gender and by level of education			
Men	812	33	837.80
Primary	3	0	3.00
Secondary	361	20	376.40
Higher non-university	332	11	340.80
University	116	2	117.60
Women	160	54	200.31
Primary	0	0	0.00
Secondary	40	11	47.93
Higher non-university	87	35	113.28
University	33	8	39.10
d. By professional category			
Executive	308	11	316.80
Staff	664	76	721.31
Workers	0	0	0.00
Other	0	0	0.00

** Full time equivalents*

B. Interim staff and persons made available to the business

During the year	Interim staff	Persons made available to the business
Average number of persons employed	16.93	0.00
Actual number of hours worked	33,466.79	0.00
Cost to the business	852,691.30	0.00

2. TABLE OF MOVEMENTS IN PERSONNEL DURING THE YEAR

	1. Full time	2. Part time	3. Total FTE*
A. Additions			
a. Number of employees recorded in the personnel register during the year	**159**	**3**	**161.40**
b. By contract type			
Permanent	105	2	106.60
Fixed term	54	1	54.80
Contract	0	0	0.00
Replacement	0	0	0.00

	1. Full time	2. Part time	3. Total FTE*
B. Deductions			
a. Number of employees whose date of leaving is recorded in the personnel register during the year	**96**	**0**	**96.00**
b. By contract type			
Permanent	44	0	44.00
Fixed term	52	0	52.00
Contract	0	0	0.00
Replacement	0	0	0.00
c. Reasons for leaving			
Pension	13	0	13.00
Early pension	0	0	0.00
Dismissed	7	0	7.00
Other	76	0	76.00
Including: the number of persons who continue, at least part-time, to provide services to the business as contractors	0	0	0.00

** Full time equivalents*

3. INFORMATION ON WORKERS TRAINING DURING THE YEAR

	Men	Women
A. Initiatives of formal continuing professional training paid for by the employer		
Number of workers concerned	821	195
Number of training hours	37,424.77	4,176.55
Cost to the business	3,194,416.09	334,709.44
of which gross cost directly related to training	3,194,416.09	334,709.44
of which fees paid and contributions to group funds	0	0
of which grants and other financial advantages received (to be deducted)	0	0
B. Initiatives of less formal or informal continuing professional training paid for by the employer		
Number of workers concerned	456	53
Number of training hours	5,563.25	549.75
Cost to the business	267,066.27	29,297.13
C. Initiatives of initial professional training paid for by the employer		
Number of workers concerned	0	0
Number of training hours	0	0
Cost to the business	0	0

Questions regarding financial
and accounting data

René Sterckx
Tel 32 2 282 74 80
Fax 32 2 282 75 43
E-mail rene.sterckx@fluxys.com

Contacts with the press

Bérénice Crabs
Tél 32 2 282 72 30
Fax 32 2 282 79 43
E-mail berenice.crabs@fluxys.com

This report is also available in Dutch and French.
For a copy in these languages, please contact
the Communication Department:
Tel 32 2 282 77 32
Fax 32 2 282 79 43
E-mail sandra.vanpraet@fluxys.com

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Photography: Patrick Henderyckx
Filip Van Loock
Marc Provost
Frédéric Raevens
Emmanuel Manderlier

Illustrations: Claire Leruste

EXCELLENCE IN GAS TRANSPORT

Fluxys SA

Registered Office - Avenue des Arts 31 – B-1040 Brussels

Tel 32 2 282 72 11 - **Fax** 32 2 282 02 39 - www.fluxys.com

VAT BE 0402.954.628 - **RPM Brussels** - D/2010/9484/6