

Interim statement

Information on key events since 1 July 2009
and their impact on the financial situation of the Fluxys Group

- **Implementation of the investment programme is continuing**
- **CREG and Fluxys determine stable transmission and storage tariffs**
 - **Fluxys's tariffs among the most competitive in Europe**
 - **Tariffs allow Fluxys to secure profitability of its investments**
 - **CREG/Fluxys agreement does not cover dispute over historical transport contracts**
- **Commercial activities**
 - **High level of activity at Zeebrugge LNG terminal**
 - **New Subscription Period for long-term transport capacity**
 - **New record at Zeebrugge Hub: net traded volumes at end of October 2009 already up 20% on 2008 total**

1. Customer invoicing

Off-take. The amount of gas consumed by industry has significantly decreased on figures for recent years as a result of the economic crisis. Industrial companies directly connected to the Fluxys grid consumed around 20% less gas from January to September 2009 than they did over the same period in 2008 and 2007. Consumption for July fell far below the levels recorded for 2008, 2007 and 2006, but picked up again in August and September. By contrast, consumption by power stations directly connected to the Fluxys grid was higher than the volumes recorded during the same period over the last three years. In September and October 2009, power stations used 35% more natural gas than in the same period in 2008. Total natural gas off-take for the period ending September 2009 was almost the same as for the same period in 2008.

Customer invoicing. Between 1 January and 30 September 2009, the total amount invoiced to customers for all activities, based on booked capacity, amounted to €533 million, as opposed to €432 million for the same period in 2008. In the third quarter of 2009, the amount was €171 million, compared with €179 million in the third quarter of 2008. This decrease is mostly attributable to reduced charging for network balancing and work for third parties as well as to a slight drop in receipts from transit activities.

Tariffs. Fluxys and CREG have agreed new multi-annual tariffs for the transport, transit and storage of natural gas. These new tariffs include a reasonable return on invested capital and will enable Fluxys to adequately cover the cost of its comprehensive investment programme.

CREG and Fluxys determine entry/exit transmission tariffs through a uniform tariff methodology covering both transport and transit of natural gas. The agreement also determines storage tariffs. The new tariffs will apply from 1 January 2010 until the end of the current regulatory period (end of 2011), taking into account the applicable regulatory framework. The agreement also provides for stable tariffs until 2015 and entails the principle of tariff stability over the longer term as well.

The agreement will result in a substantial reduction in tariffs compared to those applied by Fluxys in 2008 and 2009. Grid users supplying natural gas into the Belgian market will see transport tariffs decrease by around 35%. These reductions will make Fluxys tariffs among the lowest in Europe.

The agreement does not cover the pending appeals that Fluxys and its subsidiaries introduced before the Brussels Court of Appeal and the Council of State against the CREG decisions of 15 May and 6 June 2008 as far as historical transit contracts are concerned. The provisions established by Fluxys with a view to covering the risk resulting from these disputes and the guarantees obtained upon acquisition of the Distrigas & C^o transit activities in July 2008 are retained awaiting a final decision on the merits of these disputes.

2. Investments

The **2009 investment programme** continues to be implemented and principally focuses on the following projects:

- Eynatten-Opwijk pipeline (RTR2);
- renovating compressor stations;
- enhancing compression capacity;
- expanding underground storage capacity in Loenhout;
- laying the Lommel-Ham-Tessengerlo and Ranst-Lier pipelines.

€38 million was allocated to the investment programme during the third quarter of 2009, bringing overall spending on investment since 1 January 2009 to €122 million, compared with €166 million in the same period of 2008.

With a view to financing its comprehensive investment programme, Fluxys will issue as from 19 November 2009 a retail bond on the Belgian market in the framework of a bond loan for an expected amount of at least €100 million.

Pipeline construction. In late October 2009, Fluxys began laying an eight-kilometre pipeline in Dilsen with a view to enhancing security of supply in Northern Limburg. This new pipeline will connect the existing pressure reducing station with the existing border metering station via a new intermediate station. In November Fluxys also began laying the 24-kilometre Lommel-Ham-Tessengerlo pipeline. This pipeline will accommodate supplies to the new CCGT power station on the site of Tessenderlo Chemie.

Subject to obtaining the required permits, Fluxys plans to start laying the Flanders section of the RTR2 pipeline before the end of the year. The RTR2 project involves laying a second pipeline between Eynatten and Opwijk along the route of the existing east/west RTR1 pipeline (Zeebrugge – Zelzate/Eynatten). The Belgian market's growing transport needs are an important driver for the RTR2 project. The project is also the result of a Fluxys market consultation that was held in 2005-2006 and led to the conclusion of long-term contracts with grid users for new transit flows in both directions on the east/west route, with contracted capacity totalling around 10 billion m³ per year.

3. Development of commercial services

New Subscription Period for transport capacity. On 3 November 2009, Fluxys launched a Subscription Period for transport capacity in the period 2011-2035. In April 2009, an initial Subscription Period was launched for transport capacities in the Medium-Term Period 2010-2014. The large timeframe of the new Subscription Period offers both current and prospective grid users the opportunity to shape their business on the Belgian market in a long-term perspective. Current grid users can secure their position on the Belgian market while at the same time prospective grid users are provided access through a transparent and non-discriminatory process. For Fluxys, in turn, the Subscription Period should provide adequate signals enabling the company to identify potential future congestion situations and consider potential new infrastructure investments on a case-by-case basis.

High level of activity at Zeebrugge LNG terminal. The terminal has seen plenty of activity in 2009, with 69 LNG carriers having unloaded between 1 January and 1 November, compared to 27 unloadings over the same period in 2008. This year two ships have been loaded as well, bringing the number of ship loadings to a total of 8 since the launch of this new service in August 2008.

Zeebrugge Hub: net traded volumes in 2009 already 20% higher than the 2008 total. Trading on the Zeebrugge Hub continues to be strong too. In the first 10 months of 2009, physical volumes rose by more than 48% and net traded volumes by more than 52% compared to the same period in 2008. At the end of October 2009, net traded volumes already outstripped total traded volumes for 2008 by 20%. Furthermore, a new record was set on 24 September as traded volume for the day hit 2,585 GWh, which is 3% higher than the previous record (set on 4 June 2009) and represents around seven times the volume of high-calorific gas consumed in Belgium on the same day.

4. Prospects

4.1 New investment projects

New north/south capacity. Fluxys is planning to reinforce its network by late 2013 with a view to considerably increasing natural gas transmission capacity between Belgium and France. The project represents an investment of around €700 million and involves an array of infrastructure to be built:

- laying a new pipeline of approximately 125 km between the Winksele compressor station and the Blaregnies border station. In the process of determining the pipeline route Fluxys wishes to maximise synergies between transit of natural gas and transport for end customers in Belgium, such as the planned power stations in the area of Charleroi and La Louvière;
- a second five-kilometre pipeline between the 's-Gravenvoeren border station and the Berneau compressor station for additional natural gas flows from Norway (via the Netherlands);
- additional compression capacity for the Winksele and Berneau compressor stations;
- capacity enhancements at the 's-Gravenvoeren and Blaregnies metering stations.

The north/south project results from a market consultation by Fluxys and French system operator GRTgaz in 2007-2008 to assess the level of interest in new cross-border north/south capacity. The survey was successfully concluded in December 2008, and no fewer than 14 grid users signed contracts lasting at least 10 years with Fluxys for new capacity between Zeebrugge, 's-Gravenvoeren (Belgian-Dutch border) or Eynatten (Belgian-German border) and Blaregnies (French-Belgian border). These contracts jointly represent new capacity of around 10 billion m³ per year.

A final decision on the project will be taken by the Fluxys Board of Directors once it has been approved by the transmission system operators in the neighbouring countries and once CREG has approved the definitive tariffs under the terms of the agreement between Fluxys and CREG (see p. 2). In view of the permitting procedures and the amount of investment required, among other factors, this new capacity is planned to be commissioned from late 2013.

Market survey launched for transit capacity on the route Czech Republic – Germany – Belgium. RWE Rheinland Westfalen Netz, Fluxys and RWE Transgas Net have launched a market survey in November 2009 to assess the level of market demand for additional long-term transit capacity from the Czech Republic via Germany to Belgium and reverse. The project is an attractive opportunity to strengthen security of supply and competition on the major markets in Western and Central Europe. Depending on the market interest and the economic feasibility of the project, the new MET pipeline (*Mittleuropäische Transversale* – 740 km) in Germany could be commissioned as from late 2014.

4.2 Perspectives for 2009

Bearing in mind the development of its entire range of activities and barring unforeseen circumstances, Fluxys expects to be able to pay a dividend for the 2009 financial year that will be at least equal to the dividend paid out in 2008.

Taking into account the pending lawsuits related to the historical transit contracts, Fluxys will retain on its balance sheet the acquisition price for Distrigas & C° as well as the provisions established in 2008 and 2009 as a precaution until a final decision has been reached on the merits of these disputes.

The result of Fluxys's regulated activities consists of a return on invested capital calculated according to a method stipulated by law. Under the agreement concluded with CREG, the interpretation of this calculation method as applied by Fluxys since 2008 can be confirmed for the future.

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