

Interim statement*

Information on key events since 1 July 2008
and their impact on the financial situation of the Fluxys Group

2008 result at least equal to 2007 result

Investments

- Third quarter: €61 million
- Since 1 January: €166 million

Court of Appeal suspends CREG decisions on transit tariffs disputed by Fluxys (ruling of 10 November 2008)

Projects

- Increase in east/west and north/south capacity
- Second LNG Terminal extension under examination

Zeebrugge Hub: net traded volumes reach all-time highs

New services

- Interruptible transit services
- Capsquare: joint Fluxys/GRTgaz platform for trading transit capacity on the secondary market
- New transit model under development

* This interim statement, published in the second half of 2008 in accordance with Article 14 of the Royal Decree of 14 November 2007, has been drawn up by the Fluxys Executive Board.

1. Results

CREG transit tariff decisions suspended. On 15 May and 6 June 2008, the federal regulator (CREG) made a series of tariff-related decisions pertaining to the transport, transit and storage of natural gas. Fluxys contests the legitimacy and legality of these decisions and therefore took legal action to have them suspended and annulled.

According to Fluxys, the CREG decisions pertaining to transit make tariffs subject to major fluctuations; as a result grid users do not have the predictability required to reserve capacity in the longer term.

On 10 November 2008 the Brussels Court of Appeal ruled on Fluxys' demand that CREG's decisions of 15 May and 6 June on transit tariffs be suspended. The judgement acknowledges - on the basis of serious grounds - the extreme urgency of Fluxys' request to have CREG's tariff decisions suspended.

Pending a final ruling on the merits of the case, the existing contracts and tariffs therein mentioned continue to apply for transit services.

Income up. In the third quarter of 2008 Fluxys billed its customers a total of €179 million (across all businesses), compared to €106.6 million for the same period in 2007. This increase in income mainly comes from:

- new capacity at the LNG terminal that came on-stream in April;
- the takeover by Fluxys of Distrigas & C° and SEGEO.

APX Group makes a bid for Endex shares. In September 2008, APX Group – in which Fluxys has a 2.68% stake – made an offer to Endex shareholders to buy Endex shares. Fluxys, which holds 5% of Endex's shares, took up the offer and in so doing will increase its stake in APX Group to 3.8% by the end of the year.

Outlook for 2008. The result from Fluxys' regulated activities consists of a legally stipulated return on capital invested. On the other hand, tariff levels are defined on the basis of additional factors, specifically operating costs for those activities and the rules for allocating joint costs to those activities. As a result, the CREG tariff decisions and their ensuing suspension have little direct impact on the result. However, in the future they will influence the final value of the Distrigas & C° transit business taken over by Fluxys on 1 July 2008. Fluxys is covered against a potential write-down.

The ongoing development of its business activities should enable the group to generate, without non-recurring elements, a profit for the year that is at least equal to last year's, save for any major unforeseeable contingencies.

2. Investments

A total amount of €61 million was invested in the third quarter of 2008, taking investment expenditure since 1 January 2008 to an overall amount of €166 million. Of this, half was for transport for the Belgian market, 20% for storage, 16% for LNG terminalling and 13% for transit.

The investment programme for 2008 is mainly focused on the following projects:

- completion of works to double the Zeebrugge LNG terminal's throughput capacity: the new facilities were put into operation in April 2008;
- extension of the underground storage facility in Loenhout: works to increase storage, injection and send-out capacities began in 2007 and will continue into 2011;
- construction of the compressor station in Zelzate: the station is scheduled to be put into operation in December 2008;
- construction of a new compressor hall at the Weelde compressor station: works are to be completed in 2010;
- laying of the Brakel–Haaltert pipeline (27 km): the pipeline was put into operation in mid-October 2008;
- laying of the Zandhoven–Ranst pipeline (10 km): works to lay the pipeline began in 2007 and were finished in 2008;
- laying of the Messancy-Arlon pipeline (7 km): the pipeline is to be put into operation in mid-December 2008.

3. Projects

New east/west capacity (VTN2): laying of the pipeline Opwijk-Eynatten planned for 2010. Fluxys plans to lay a second pipeline between Eynatten and Opwijk (VTN2) along the existing Zeebrugge-Zelzate/Eynatten route (VTN1) in 2010. The permitting procedures for the Opwijk-Eynatten section and the information sessions for local authorities and residents began in late 2007 and we expect these to be completed in good time in early 2009. For the section from Opwijk to Zomergem, the permitting procedures will run from mid-2009 to late 2011.

New north/south capacity: open season to be closed in December 2008. In April 2007 both Fluxys and French system operator GRTgaz launched an open season to determine the level of interest in booking additional long-term natural gas transit capacity between Belgium and France. About 40 shippers have expressed interest in significant overall long-term capacity requiring major infrastructure investments by Fluxys and GRTgaz. The binding phase of the open season should be closed in December 2008 in coordination with GRTgaz and Dutch system operator Gas Transport Services (GTS). Taking into account permitting constraints and the investments required, commissioning of the new cross-border north/south capacity in Belgium is expected in late 2013.

Second open season for the LNG Terminal. In December 2007 Fluxys launched an open season to assess the level of demand for a second capacity enhancement at the LNG Terminal. More than 15 players expressed a non-binding interest in various types of capacity.

There is demand for conventional terminalling capacity, with additional possibilities to unload and load LNG ships. There is also interest in pure storage capacity and solutions to allow the mooring of ships that can regasify LNG on-board and then inject it into the grid. Fluxys is currently examining the concrete technical and economic aspects of the needs expressed. The findings will be presented to the market shortly.

Expansion of capacity to Luxembourg: open season in early 2009. In early 2009 Fluxys will organise an open season to assess the level of demand for additional long-term capacity for natural gas transit to the Grand Duchy of Luxembourg.

Open season for transport. Fluxys plans to organise for the first time an open season on transport capacity for natural gas delivery in Belgium. The details are currently being discussed with CREG.

4. Hub Zeebrugge breaks all-time record

Fluxys subsidiary Huberator, operator of the Zeebrugge Hub with currently 74 members, saw net traded volumes reach all-time high figures on several days in October. Daily net traded volume on Wednesday 22 October was at 2404 GWh (about 207 million cubic metres), breaking the earlier record of 4 January 2006 by 37.5%. The net traded volume on 22 October corresponds to almost six times the consumption of high calorific natural gas in Belgium that same day.

5. New services

Interruptible transit services. Fluxys has been offering interruptible transit capacity on various routes since 1 October 2008.

Capsquare: joint Fluxys/GRTgaz platform. Fluxys and GRTgaz have developed, under the name of **capsquare**, a joint platform for trading capacity on the secondary market. Grid users can optimise their transmission costs by selling on **capsquare** capacity they do not intend to use. For anyone looking to buy capacity, **capsquare** provides an alternative source for the primary market. Both Fluxys and GRTgaz will be able to transport larger physical volumes of natural gas through the same pipelines as capacity trading through **capsquare** enables market participants to make more efficient use of the infrastructure.

New model for transit services under development. In late 2009, Fluxys plans to introduce a new model for offering transit services. The new operating rules will enable transit customers to use their booked capacity as per the entry/exit principle. This approach offers greater flexibility in the use of capacity and, as a result, more opportunities for transit customers to take advantage of commercial opportunities. On 17 October 2008, the market players were invited to a workshop to learn more about the new transit model.

6. Change in Fluxys' shareholdership

On 3 September 2008, SUEZ-Tractebel and Publigas signed an agreement to, among other things, transfer 87,804 Fluxys shares from SUEZ-Tractebel to Publigas. As a result, the number of Fluxys shares held by GDF SUEZ does not exceed the number of shares held by Publigas and sets up at almost 45%. The transfer was in line with the commitments made by SUEZ to the European Commission in respect to the merger with Gaz de France.

GDF SUEZ also committed to sell to Publigas on 31 December 2009 a number of Fluxys shares sufficient to allow Publigas to retain 51.28% of the capital of Fluxys. The governance rules and the composition of the Fluxys Board of Directors will be adapted to take into account the new share structure.

GDF SUEZ and Publigas also reached an agreement regarding the establishment of the company Fluxys International, which will own the Zeebrugge LNG Terminal. SUEZ will bring into this company its 5% shareholding in Interconnector UK Limited as well. The capital of Fluxys International will be held by GDF SUEZ (60%), Publigas (20%) and Fluxys (20%). Management of Fluxys International will continue to be entrusted to Fluxys.

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