



ZEEBRUGGE LNG TERMINAL

**OPEN SEASON TO ASSESS DEMAND FROM THE MARKET
FOR ADDITIONAL CAPACITY BOOKINGS**

INFORMATION MEMORANDUM - DECEMBER 2007

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1.

EXECUTIVE SUMMARY

Through the distribution of this Information Memorandum Fluxys LNG launches an open season to assess the level of demand from the market for additional terminalling capacity at the Zeebrugge LNG terminal. The project represents a highly attractive opportunity for companies active in the LNG sector to secure non-discriminatory access to terminalling capacity on a long-term basis with an experienced capacity provider in the strategically located Zeebrugge area.

PROJECT APPROACH

Depending on the level and the nature of market interest, the project could include an increase of the existing send-out capacity of the Fluxys LNG terminal in Zeebrugge or the addition of one or more LNG storage tanks and of a second berthing jetty.

The intention is to make additional capacity available as from 2015-2016, but the actual commissioning date may depend on the level and type of new investments required and on permitting constraints. A phased implementation of the different parts of the project could be envisaged.

The purpose of this open season is to invite bona fide expressions of interest through the submission of non-binding capacity nomination forms from those LNG companies interested in subscribing for such terminalling capacity. Companies interested in entering into discussions with Fluxys LNG in connection with the project will first be required to execute a confidentiality agreement. The open season process and indicative timetable are described in more detail in section 7.



ZEEBRUGGE: STRATEGIC LNG GATEWAY TO EUROPE

The Zeebrugge LNG terminal provides not only a gateway for the supply of LNG to expanding markets across a major part of Continental Europe and in the United Kingdom but is also a flexibility tool. In addition, the transmission and transfer possibilities offered from the Zeebrugge LNG terminal are to be increased in the near future:

- It will be possible for the additional volumes to be traded and transited via Zeebrugge to several markets and this following Fluxys' open seasons on the expansion of transit capacities.
- The full implementation of the ZeePlatform Service, expected in the first quarter of 2008, will allow market players to exchange gas between the Interconnector Zeebrugge Terminal, the Zeepipe Terminal, the LNG terminal and the Zeebrugge Hub without any capacity limitations and at a very attractive tariff.

FLUXYS LNG: EXPERIENCED CAPACITY PROVIDER

Fluxys LNG completed a previous open season in July 2004, pursuant to which the throughput capacity of the LNG terminal is being increased from 4.5 to 9 bcm/year, with the expansion works in a final phase at the moment of issuing this Information Memorandum.



2.

PROJECT DESCRIPTION

FLUXYS LNG

The Zeebrugge LNG terminal is owned and operated by Fluxys LNG, a subsidiary of Fluxys SA/NV ("**Fluxys**"). The services offered by Fluxys LNG consist of receiving and unloading LNG carriers, cycling storage of the unloaded LNG, regasification and send-out into the Fluxys transmission grid for onward redelivery.

Fluxys is the owner and operator of the Belgian natural gas transmission grid, comprising 3,800 kilometres of pipeline and storage facilities in Zeebrugge and Loenhout.

THE LNG TERMINAL

The Zeebrugge LNG terminal is a regulated open access terminal with the possibility to execute LNG terminalling capacity agreements at stable long-term tariffs.

In operation since 1987, the LNG terminal is located in the outer port of Zeebrugge on a site of some 30 hectares. It comprises reception facilities, three state-of-the-art LNG storage tanks, with a fourth one to be commissioned shortly, and vaporisation and send-out facilities for injection of regasified gas into the high-pressure gas network and related facilities.

The LNG terminal is located in a sheltered area, meaning that during berthing and unloading there are no sea water currents. In addition, the construction of the dockyard has reduced the height of the waves to a minimum and the port authority guarantees a minimum depth of 13 metres for vessels at low tide in the dock.

The LNG terminal can handle almost all different types of LNG carriers with a capacity of up to 155,000 m³ LNG. In particular, the LNG terminal can receive carriers with an LOA of up to 350 m, a breadth of up to 55 m and a draft of up to 11.7 m.



Its jetty consists of four 16" LNG unloading arms and one vapour return arm, with an unloading capacity of up to 12,000 m³ LNG per hour. There is no limitation of air-draft. Moreover, Fluxys LNG is in the process of applying for revised permits which will allow processing LNG carriers of the Q-flex type. Any further expansion will be developed taking into account the largest ships currently being contemplated. Since 1987, more than thirty LNG carriers have unloaded over 1,000 LNG cargos at the LNG terminal.

Upon completion of the current expansion programme, the Zeebrugge LNG terminal will have an annual throughput capacity of 9 billion m³(n). Three of the existing storage tanks have a workable capacity of 80,000 m³ LNG each, while the fourth LNG storage tank will have a workable capacity of 140,000 m³ LNG. The firm send-out capacity of the LNG terminal is being increased and will amount to 1,700,000 m³(n) per hour.

Following the 2003-2004 open season, all this primary capacity was allocated on a long-term ship-or-pay basis to 3 parties: the Qatar Petroleum/Exxonmobil JV QTL/ZLNG, Suez LNG Trading and Distrigas. On the basis of current capacity and contracts, the LNG terminal will receive up to 110 carriers per year.



SUPPLY-DEMAND BALANCE

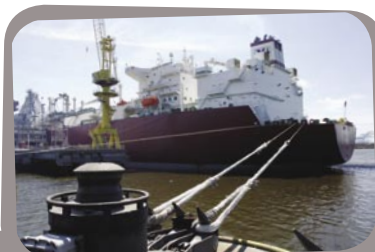
Natural gas demand in Europe is estimated to increase by 30 to 35% in the period 2005-2020 (Cedigaz), with 150 to 215 bcm of natural gas still to be contracted. The estimated rise in demand is triggered for the larger part by industry and power production choosing for natural gas because of its environmental advantages over other fossil fuels. As overall gas reserves in Europe are in decline, the supply gap is increasingly to be filled with supplies from further away production fields.

As for gas demand growth in Belgium, with currently an annual consumption of about 17 bcm, Fluxys' indicative investment programme 2007-2016 is modelled on an estimated increase of available capacity at the supply points of 32%. This growth is primarily driven by increased industrial and power plant consumption.

THE STRATEGIC LOCATION OF ZEEBRUGGE

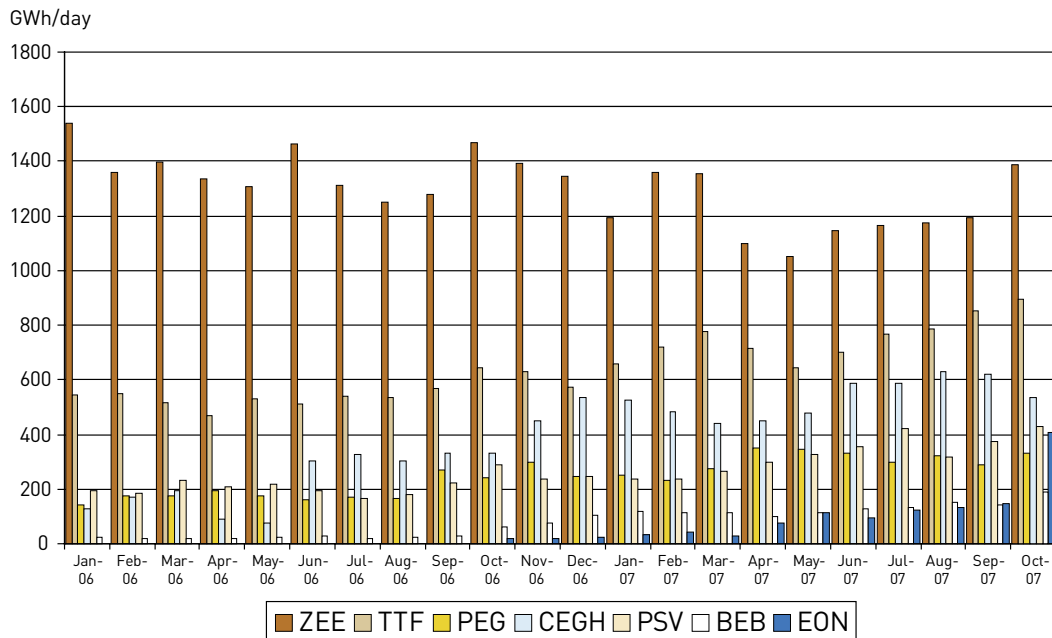
As Europe's reliance on gas imports continues to grow, the role of LNG has become increasingly important. Because of its characteristics, LNG represents a key part of any diversified gas portfolio serving base load, spot and peak requirements. Considering the growing importance of LNG in Europe's security of supply, this project is a highly attractive opportunity for LNG companies to reserve capacity at a key strategic location providing access to expanding gas markets in both Continental Europe and the United Kingdom.

Zeebrugge lies **at the crossing of two major axes** in European natural gas flows: the East-West axis linking Eastern Europe and the United Kingdom, and the North-South axis linking Norway, Northwest and Southern Europe. The various facilities at Zeebrugge together have an annual throughput capacity of 47.5 billion m³(n) of gas, enough to supply 10% of the EU25 market.



In addition, the LNG terminal is located at only a few kilometres from the **Zeebrugge Hub** (operated by Fluxys' subsidiary Huberator), the leading international short-term gas market in Continental Europe. 2006 saw a net traded volume of 43 billion m³(n), with 70 active members at the end of November 2007.

Fluxys expects **a further increase in traded volumes** on the Zeebrugge Hub following, among others, the commissioning of the First Zeebrugge LNG terminal Expansion and the Fluxys open seasons "East to West" (2005) and "North to South" (ongoing). These investments will also substantially increase the take-away capacity from the Zeebrugge area to Germany, the Netherlands and France.



Zeebrugge Hub front runner in continental Europe

The **LNG terminal is connected to the Fluxys transmission grid**, which gives capacity subscribers direct access to the Belgian market and to some of the largest end-user markets in Continental Europe: Germany, the Netherlands, France and through France also Italy and Spain. Accordingly, Fluxys offers a fully integrated service to the market with the ability to access Fluxys' pipeline transmission grid beyond the LNG terminal.

In addition, at the end of 2006 Fluxys launched a new service, the "**ZeePlatform Service**", which enables gas transfers at highly attractive prices mainly in function of usage. Early 2008 Fluxys will commission the additional investments needed to make all transfers of gas possible between all border points situated in the Zeebrugge area (Interconnector Zeebrugge Terminal, Zeebrugge Hub, Zeepipe Terminal and LNG terminal) and without any capacity limitations. This service is expected to further enhance the liquidity of the Zeebrugge Hub.

ADDITIONAL TRANSIT CAPACITIES

In June 2005 Fluxys launched an open season to assess the market interest for new east/west transit capacity between Eynatten and Zelzate-Zeebrugge (VTN2 project). The open season resulted in new long-term contracts being concluded with 12 parties. The commissioning of this project is scheduled for the end of 2010.



In the framework of this open season, a number of participants also showed interest in additional transit capacities between Belgium and France. Fluxys therefore organized, in coordination with GRTgaz, a second open season in April 2007 to assess the interest in additional capacities between the north and the south of Belgium. The open season attracted the interest of 39 parties confirming their non-binding interests. It is Fluxys' intention to arrive at binding commitments before the end of March 2008. If these confirm the economic viability of the project, the capacities could be available as early as the end of 2012.

Fluxys is currently contemplating different scenarios for the implementation of the open season:

- additional transit capacities from the Zeebrugge area towards the French-Belgian border;
- additional transit capacities from 's-Gravenvoeren on the Dutch-Belgian border towards France;
- other entry/exit combinations depending on the interest from the market.

New capacities could also be used to link the Zeebrugge Hub to the hub of GRTgaz in the north of France (PEG Nord), which will have a positive effect on the liquidity of both hubs.

As the North-South project significantly underpins Continental Europe's security of supply, the European Commission considers it as a priority TEN (Trans European Network) project.



THE PROJECT

Companies interested in subscribing terminalling capacity will ultimately be required to enter into a binding Capacity Subscription Agreement with Fluxys LNG for long-term capacity at the LNG terminal.

Depending on the outcome of this open season, the project could imply the construction of:

- a second berthing jetty, allowing ships up to a capacity of 260,000 m³ LNG, potentially with the possibility to accommodate regasification ships or any other technical solution;
- up to 6 additional LNG storage tanks with a capacity of 155,000 m³ LNG each;
- and/or additional regasification capacity.

Illustratively, the construction of an additional jetty, 2 storage tanks of 155,000 m³ LNG each and sufficient additional regasification capacity would result in an additional annual throughput capacity of about 9 bcm.



CURRENT OPERATIONAL MODEL

Under the current model, all capacities at the LNG terminal have been commercialized by means of standard slots. Such slots allow shippers to:

- arrive and berth their LNG carrier and unload the LNG cargo within a window of 3 consecutive high tides;
- use a basic storage capacity of 140,000 m³ LNG, linearly decreasing over 20 high tides (starting on the first high tide of the abovementioned berthing window);
- use a basic send out capacity of 4.2 GWh/h during the abovementioned 20 high tides.

In addition, the shippers can book additional storage flexibility and send-out capacities.

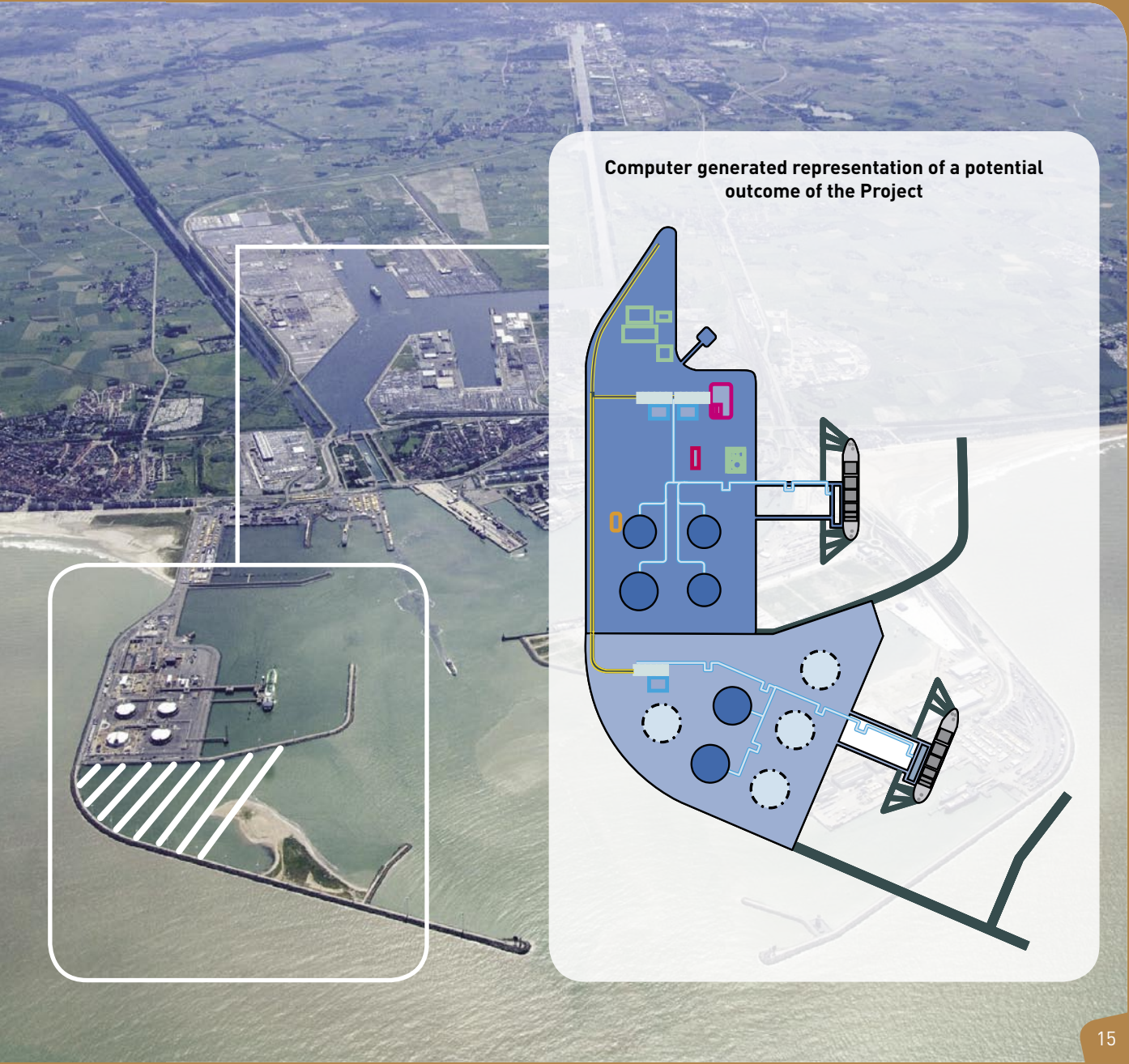
Depending on the outcome of this open season, Fluxys LNG is happy to consider developing a new operational model for the additional capacity in close collaboration with interested shippers and, depending on the regulatory framework, with the Belgian regulator CREG.



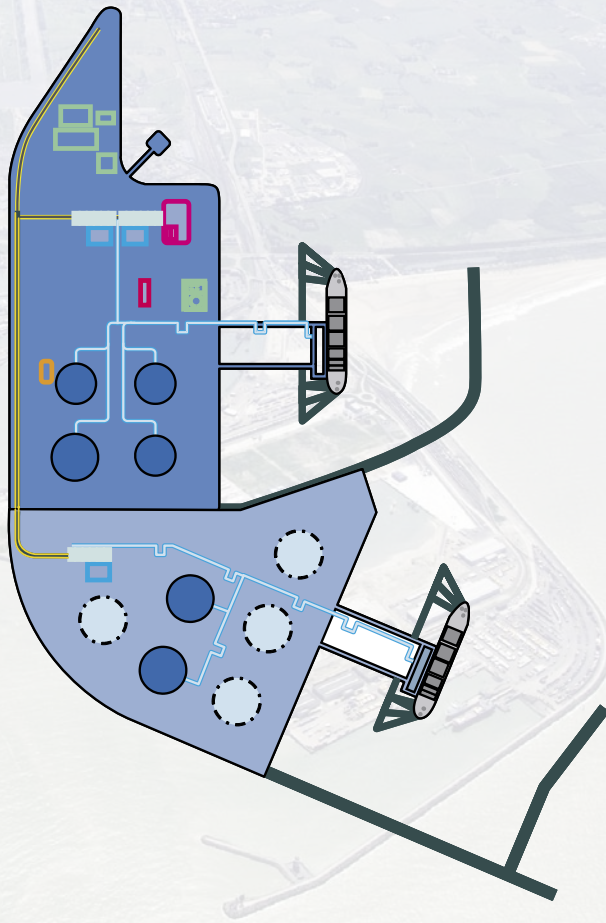
3. ILLUSTRATION OF FACILITIES



The current LNG terminal facilities



Computer generated representation of a potential outcome of the Project





Interconnector

Zeepipe

LNG TERMINAL
1987
4.5 bcm/y

INTERCONNECTOR TERMINALS
1998

To Zeebrugge: 20 bcm/y
To UK: 25.5 bcm/y

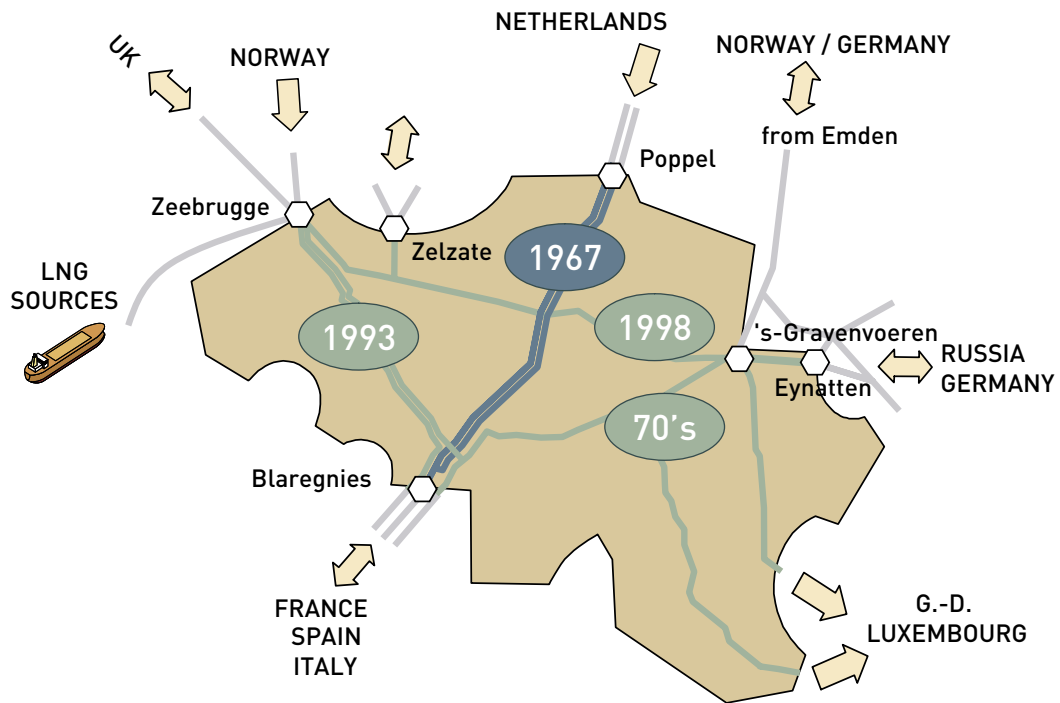
HUB ZEEBRUGGE
1998

43 bcm/y net traded

PEAK SHAVING
1978

ZEEPIPE TERMINAL
1993
13 bcm/y

The LNG terminal and neighbouring reception facilities



The Fluxys transmission grid

4.

REGULATORY ENVIRONMENT

REGULATORY AUTHORISATIONS

Fluxys LNG will apply for all relevant regulatory, planning, environmental and other consents necessary in order to provide the additional LNG terminalling capacity. At present Fluxys LNG has not identified any reasons why the approvals required for the extension project should not be obtained on time.

REGULATED THIRD PARTY ACCESS

The offering of LNG terminalling capacities is regulated by EU Directive 2003/55 which provides for a regime of regulated tariffs and third-party access. This EU Directive was enacted into Belgian national law in the existing Gas Act of 1965.

The regulated system is designed to guarantee all shippers access to the grid in a non-discriminatory and transparent way and at controlled competitive prices. Currently, Belgian law distinguishes three regulatory regimes: the normal regulated regime, the specific regulated regime and the exemption regime.

(1) The normal regulated regime

Tariffs are based on a return on the regulated asset base increased by the operating expenditures whereby forecasted costs are allocated to the different regulated services offered.



(2) The specific regulated regime

The Belgian Gas Act allows for investment projects with national or European importance to benefit from a specific regulated regime. This specific regulated regime can be applied to extensions of existing installations or to new gas transmission infrastructure, including LNG projects.

Under this regime, the access terms and conditions remain fully regulated as per the normal regulated regime, but exceptions can be granted with respect to:

- the duration of subscriptions to services;
- the duration of the tariff period, which can be superior to the 4 years provided for in the normal regulated regime, and is always subject to approval by CREG.

By way of illustration, Fluxys LNG applied for and obtained this specific regulated regime for the first extension of its LNG terminal, which now has tariffs which have been established for a 20-year period.

(3) The exemption regime

In accordance with art. 22 of the Second Gas Directive 2003/55, the Belgian Gas Act also sets out the possibility to apply for exemption from third-party access and tariffication, which under this exemption regime are negotiated.

Fluxys LNG intends to apply the regimes under (2) or (3) in the framework of this project.



5.

SERVICES OFFERED

The basic capacity services offered by Fluxys LNG at the LNG terminal are:

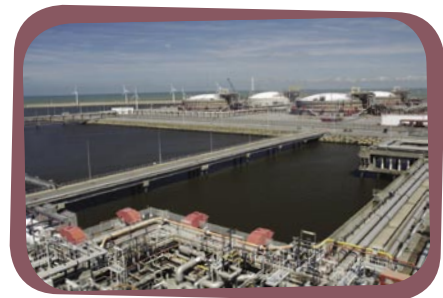
- carrier reception, including unloading of LNG from the vessel;
- the provision of cycling (basic) storage in LNG storage tanks;
- and regasification and firm send-out of regasified natural gas into the high-pressure gas network.

In addition, parties interested in subscribing terminalling capacity can also request additional storage capacity allowing them to regasify their LNG over longer periods.

Fluxys LNG is also willing to discuss the provision of a range of other services to subscribers at the LNG terminal, such as:

- quality adjustment services to render gas compliant with the required quality specifications of neighbouring networks (Germany, the UK);
- cooling down and loading services for LNG carriers;
- the transfer of LNG between LNG carriers.

Parties subscribing capacity will benefit from the possibility to access Fluxys' pipeline transmission grid beyond the LNG terminal for delivery in Belgium or at the border delivery points between Belgium and neighbouring countries.



6.

BENEFITS OF THE PROJECT

Subscribers to the project will benefit from a number of important advantages:

- guaranteed availability of capacity at the LNG terminal, which has a proven 20-year track record with more than 1,000 successful unloading operations;
- access to an LNG facility which has an excellent relationship with its direct neighbours and the local authorities and which perfectly fits in with the strategic plan established by the Harbour Authorities (MBZ);
- the possibility to conclude long-term contracts at stable long-term tariffs;
- access to the Belgian market which is characterized by a steady growth;
- access to the Zeebrugge Hub, the leading international short-term gas market in Continental Europe;
- easy access to the pipeline transport and transit grids (expansion already ongoing) to other markets including the United Kingdom, Germany, France, and the Netherlands;
- access to the Zee Platform Service allowing flexible transfers of gas in the Zeebrugge area at highly attractive prices mainly in function of usage;
- a flexible secondary market for subscribed capacities in the LNG terminal;
- an operational model that will be developed together with the interested shippers, starting from the existing multi-shipper model.



7.

TIMETABLE

Fluxys LNG proposes the following procedure and timetable:

- Information Memorandum sent out by Fluxys LNG to potential capacity subscribers
- *January 2008*
Execution of Confidentiality Agreement with all undertakings expressing preliminary interest in the project
- *February 2008*
Discussions on matters relating to the scope of the project and questions arising from the Information Memorandum
- *April 2008*
Receipt by Fluxys LNG of Non-binding Capacity Nomination Forms from the interested parties

The further timeline will be determined by Fluxys LNG based on the information received from the interested parties.



8.

POINT OF CONTACT

Any requests for supplemental information or questions in relation to this project and/or this Information Memorandum should be addressed to:

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