

Interim statement*

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

Results

- **Regulated activities: provisional tariffs at the level of 2007 pending CREG decision on new proposals for multi-year tariffs by Fluxys**
- **Still no CREG decision on 2007 results from regulated activities**
- **Doubled capacity Zeebrugge LNG terminal put into operation in April: number of slots offered is to increase progressively from 66 to 110 by the end of the year**
- **Non-regulated activities: favourable outlook as to profit from participation in BBL pipeline between the UK and the Netherlands**

Development of core activities

- **Investments: € 33 million in first quarter**
- **Preparatory works started for laying Brakel-Haaltert pipeline**
- **Permit application process continued for new east/west capacity (RTR2) and close Belgian-French-Dutch co-ordination between operators and regulators for new north/south capacity**
- **New underground natural gas storage: research in the Limburg Campine region continued; research Poederlee discontinued**
- **Market consultation in view of possible second capacity enhancement project at the LNG terminal in Zeebrugge: 15 market players interested**

New services

- **Full ZEE Platform Service: maximum transfer possibilities in the Zeebrugge area**
- **New applications offer customers more possibilities to exchange electronic data with Fluxys**
- **Day Ahead Service: maximum flexibility in the use of entry points to the grid**
- **Electronic tool to foster liquidity in the secondary transit capacity market**

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

1. Results

Still no CREG decision on Fluxys' proposals for multi-year tariffs. At the end of December 2007 CREG decided to reject Fluxys' tariff proposals 2008-2011 (transport, transit and storage) and to impose provisional tariffs at the level of 2007. In the first quarter of 2008 a total amount of € 122 million was charged to the customers for all activities, compared to € 112 million in the same period in 2007.

On 21 March Fluxys submitted new proposals for multi-year tariffs. To this day, CREG has not made a decision on these proposals. This leaves the company unable to reliably determine the result from its regulated activities.

Still no CREG decision on 2007 results from regulated activities. CREG has not yet given final approval of results from regulated activities for 2007. Last year decisions by the regulator during the second half caused the company to lower the operational results for the current year.

Doubled capacity LNG terminal put into operation. The capacity enhancement works on the Zeebrugge LNG terminal begun in October 2004 are now completed. The new installations double the terminalling capacity and were put into operation in April 2008. The number of slots offered to terminal users who entered into long-term contracts with Fluxys LNG in 2004 will progressively increase from 66 to 110 by the end of the year. The additional revenue triggered by this rise of offered slots should have a positive impact on the results from this activity. However, the main contractor wishes to discuss the application of the EPC-contract (Engineering, Procurement, Construction), among others to take into account changes in market conditions during the enhancement works. A litigation is not excluded.

The Port Authority Brugge (MBZ) has started dredging works in the harbour of Zeebrugge to enable by the summer of 2008 the reception of larger LNG carriers (Q Flex ships of up to 210 000 m³ of LNG in stead of 155 000 m³ today).

Prospects for 2008. It should be remembered, as stated at the time of publication of the 2007 annual results, that if CREG approves tariffs in line with Fluxys' tariff proposals, then the Group expects to see a net consolidated profit for 2008 that is comparable to that for 2007 – barring any unforeseen circumstances. These prospects take into account the favourable outlook as to profit from the participation in the BBL pipeline between the UK and the Netherlands.

2. Development of core activities

€ 33 million invested in first quarter. The Fluxys Group continues its investment programme that represents € 1.7 billion for the period 2007-2016 and includes infrastructure projects in the Group's four main activities: transport, transit, storage and LNG terminalling. A total amount of € 33 million was invested in the first quarter of 2008.

This year, the investment programme is mainly focused on the following projects:

- completion of the Zeebrugge LNG terminal capacity enhancement (the new facilities were put into operation in April 2008, see also point 1 – Results),
- construction and commissioning of the compressor station in Zelzate,
- revamping compressor stations,
- increasing the underground storage capacity in Loenhout: works have started in 2007 and will continue into 2011,
- laying the pipeline Brakel – Haaltert: preparatory works have begun in March and actual pipeline laying works are expected to start in the course of May; the exact start date depends on court decisions to be made in lawsuits that have been filed to prevent laying of the pipeline.

Permit application process continued for new east/west capacity (RTR2). In 2008 Fluxys applied for new permit applications to lay a second pipeline between Eynatten and Opwijk (RTR2) along the existing Zeebrugge-Zelzate/Eynatten (RTR) transmission route. The RTR2 project stems from a market consultation that Fluxys carried out in 2005-2006. The market consultation has led to contracts with 14 grid users for new transit flows in both directions on the route in question, but to this date there is still uncertainty as to the tariff regime (see also point 1 – Results).

New north/south capacity: close Belgian-French-Dutch co-ordination between operators and regulators. In April 2007, both Fluxys and French system operator GRTgaz launched a market consultation to determine the level of interest in booking additional long-term natural gas transit capacity between Belgium and France. About 40 shippers have confirmed non-binding interest for an overall long-term capacity demand to be qualified as considerable and requiring major infrastructure investments by Fluxys and GRTgaz. Considering permitting constraints and the investments required, commissioning of the new capacity is expected by the end of 2012 at the earliest.

From the outset the market consultations were coordinated with the energy regulators in Belgium and France. As the Dutch system operator GTS is also surveying the market for interest in additional capacity, co-ordination has been broadened to include the Netherlands so as to provide optimum response to market demand.

Research into possible underground storage of natural gas in the Limburg Campine region continued. In collaboration with the Flemish Institute for Technological Research (VITO) and the Limburg Investment Company (LRM), Fluxys is currently looking into potential underground storage sites in the Campine region of the Limburg province. Seismic research was carried out in November 2007 in Bree, Bochoft, Maaseik and Kinrooi to map out the deep subsoil. Sometime in the first half of 2008 the research should reveal the presence – or not – of any possibly appropriate structures for which further study is needed to determine whether they could be used as a reservoir for natural gas storage.

Research into possible underground storage of natural gas in Poederlee discontinued. Fluxys conducted in May 2007 a seismic study to assess the feasibility of a new underground natural gas storage facility at Poederlee. For these explorations a partnership was set up with Gazprom Export and Gazprom Marketing & Trading Ltd. In February 2008 the project partners have jointly decided to discontinue further exploration of the site. As for Fluxys the decision to discontinue the Poederlee project was made because it turned out not to meet the economic criteria envisaged. The seismic study showed that the workable storage capacity in Poederlee was too small to be operated profitably.

Market consultation in view of possible second capacity enhancement at the Zeebrugge LNG terminal. Considering the rising importance of LNG in Europe's energy supply, Fluxys LNG launched in December 2007 an international market consultation to assess the level of demand for additional capacity at the terminal. To this day 15 parties have expressed an interest in the project and further steps are being taken.

3. Service development

Full ZEE Platform Service: maximum transfer possibilities in the Zeebrugge area. In February Fluxys launched its full ZEE Platform Service. The service enables shippers to transfer gas without capacity limitations between all entry points in the Zeebrugge area, including the LNG terminal. The full ZEE Platform Service marks a further step in developing the Zeebrugge area as a central crossroads for international gas flows in North-west Europe.

New client applications: more possibilities to exchange electronic data with Fluxys. In February and March Fluxys extended its range of client applications with WebTrack Metering Transit and an upgrade of e-BOSS. WebTrack Metering Transit is free of charge and provides transit shippers with hourly data on natural gas flows at the border gas exchange locations on which they have capacity rights. The upgraded version of e-BOSS offers transport shippers a full-fledged on line tool to request for quotations, conclude services agreements and monitor their contract portfolio.

Day Ahead Service maximizes flexibility in the use of entry points. As from April Fluxys offers its customers supplying natural gas in Belgium maximum flexibility in the use of entry points to the grid. With the new Day Ahead Service, they can choose how much natural gas they will feed in at which entry points on the following day, according to what suits them best commercially.

Electronic tool for trading transit capacity on the secondary market. In April Fluxys also launched its electronic tool for transit capacity trading on the secondary market. The tool introduces real time trading of capacity for the following day and other short-term products. The aim is to foster liquidity in the secondary transit capacity market so as to maximize efficient use of available capacities in the Fluxys gas transmission system.

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Other languages: this press release is also available in Dutch and French on the Fluxys website: www.fluxys.net – 'Press releases' section.