GDF SUEZ

REFERENCE DOCUMENT **2009**

REDISCOVERING ENERGY

GDF SUEZ

REFERENCE DOCUMENT 2009

Annual Financial Report and Management Report

This Reference Document includes (i) all the items of the Annual Financial Report mentioned in section I of Article L. 451-1-2 of the Monetary and Financial Code, and in Article 222-3 of the General Regulations of the AMF (appended to this Reference Document is a table of concordance between the documents mentioned in these laws and the corresponding headings in this Reference Document), (ii) all the mandatory information included in the Management Report of the Board of Directors to the Annual General Shareholders' Meeting on May 3, 2010 as provided for in Articles L. 225-100 and L. 225-100-2 of the French Commercial Code (the items corresponding to this mandatory information are referenced in the table of concordance appended to this Reference Document), and (iii) all the information provided for in Article R. 225-83 of the French Commercial Code.

Incorporation by reference

In accordance with Article 28 of European Regulation No. 809/2004 of April 29, 2004, this Reference Document incorporates by reference, the following information, which the reader should refer to:

- in relation to the GDF SUEZ financial year ending on December 31, 2008: activity report, consolidated accounts prepared according to IFRS standards and Auditors' reports relating hereto, appearing on pages 153 to 173, and 289 to 411 of the Reference Document registered by the Autorité des Marchés Financiers on April 6, 2009 under number D.09-197;
- in relation to the Gaz de France financial year ending on December 31, 2007: activity report, consolidated accounts prepared according to IFRS standards and Auditors' reports relating hereto, appearing on pages 113 to 128, and 189 to 296 of the Reference Document registered by the Autorité des Marchés Financiers on May 15, 2008 under number R.08-056;
- in relation to the SUEZ financial year ending on December 31, 2007: activity report, consolidated accounts prepared according to IFRS standards and Auditors' reports relating hereto, appearing on pages 117 to 130, and 193 to 312 of the reference document filed with the Autorité des Marchés Financiers on March 18, 2008 under number D.08-0122, and the update filed on June 13, 2008 under number D.08-0122-A01.

The information included in these Reference Documents, along with the information mentioned above, is replaced or updated, as the case may be, by the information included in this Reference Document. These reference documents are available under the conditions described in Section 10.3 "Documents available to the public" in this Reference Document.

Prospect indications and market data

This Reference Document contains forward-looking statements including in Section 1.3 "Strategic priorities," Section 1.4 "Improvement of performance: the Efficio program", Section 2.1 "Organization of activities and description of business lines" and Section 6.1.7 "Outlook for 2010" These statements are not historical data and therefore should not be construed as a guarantee that the events and data mentioned will occur or that the objectives will be achieved, since these are by nature subject to external factors, such as those described in Section 5 "Risk factors."

Unless otherwise stated, the market data appearing in this Reference Document comes from internal estimates by GDF SUEZ based on publicly available data.

This Reference Document was filed with the Autorité des Marchés Financiers and registered under No. D.10-218 on 6 April 2010, in accordance with the provisions of Article 212-13 of the General Regulations of the AMF.

It may be used in support of a financial transaction if supplemented by an information memorandum approved by the *Autorité des Marchés Financiers*.

This document has been prepared by the issuer, and its signatories are responsible for its content.

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NOTES

In this Reference Document, the terms "GDF SUEZ" or the "Company" or the "Issuer" or the "Enterprise" refer to GDF SUEZ SA (formerly known as Gaz de France), as resulting from the merger-absorption of SUEZ (absorbed company) by Gaz de France (absorbing company) on July 22, 2008. The term "Group" refers to GDF SUEZ and its subsidiaries.

A list of acronyms and a glossary of the frequently used technical terms are appended to this Reference Document.

Copies of this Reference Document are available at no cost at GDF SUEZ, 22, Rue du Docteur Lancereaux – 75008 Paris, on the Company Web site (http://www.gdfsuez.com), as well as on the Autorité des Marchés Financiers (http://www.amf-france.org) website.

This document is an informal English translation of the French language "*Document de Référence*", filed with the French Financial Markets Authority *(Autorité des Marchés Financiers)* under the number D.10-218 on April 6, 2010. It is provided solely for the information and convenience of shareholders of GDF SUEZ, and is of no binding or other legal effect. No assurances are given as to the accuracy or completeness of this translation, and GDF SUEZ assumes no responsibility with respect to this translation or any misstatement or omission that may be contained therein. In the event of any ambiguity or discrepancy between this English translation and the French language "*Document de Référence*", the French language "*Document de Référence*" shall prevail. This document is not an offer to sell or the solicitation of an offer to purchase shares of GDF SUEZ, and it is not used for any offer or sale or any such solicitation anywhere in the world. Shares of GDF SUEZ may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended.

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1.1 GENERAL PRESENTATION – HISTORY – ORGANIZATION

1.1.1 GENERAL PRESENTATION

The GDF SUEZ Group is active throughout the entire energy value chain, in electricity and natural gas, upstream to downstream:

- purchasing, production and marketing of natural gas and electricity;
- transmission, storage, distribution, management and development of major natural gas infrastructures;
- energy services and services related to environmental management (water, waste).

GDF SUEZ presents a balanced profile – not only is it active in complementary businesses throughout the entire energy value chain, it also operates in regions subject to different economic cycles and market trends.

The geographic and industrial complementarity of the two groups, SUEZ and Gaz de France, which merged in 2008, affords GDF SUEZ a leading position on the European and global energy landscape.

GDF SUEZ has a four-point development strategy:

- to reinforce its leading position in its two domestic markets, France and Benelux;
- to capitalize on the complementarities in order to expand its offers: dual gas/electricity packages, innovative energy services;
- to pursue its industrial development, in particular in upstream gas activities (exploration and production (E&P)), liquefied natural gas (LNG), infrastructures and electricity production (nuclear, renewable energies, etc.);
- to further growth opportunities on the broad international stage (Latin America, South-East Asia, Middle-East and North America), in particular by developing independent power production in new strongly growing markets as well as through integrated E&P and LNG projects in Asia.

Listed in Brussels (Belgium), Luxembourg and Paris (France), GDF SUEZ is represented in the major international indices: CAC 40, BEL 20, DJ Stoxx 50, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe and ASPI Eurozone.

In 2009, GDF SUEZ was ranked the largest listed utility in the world in the annual classification of the 2,000 largest listed global companies published by *Forbes* magazine (17th in the general category, 2nd among French companies) and 6th of the 40 best companies in the world as determined by the international consultancy A.T. Kearney for *Business Week*.

In a Group-wide participatory forum rolled out in 2009, the Group defined its fundamental values as drive, commitment, daring, and cohesion.

1.1.2 HISTORY AND EVOLUTION OF THE COMPANY

GDF SUEZ (formerly known as Gaz de France) is the result of the merger-absorption of SUEZ by Gaz de France, following the decision of the Combined General Shareholders' Meetings of Gaz de France and SUEZ of July 16, 2008. The merger took effect on July 22, 2008.

Initially incorporated in 1946 as an *EPIC* (French public industrial and commercial enterprise), it became a limited liability company under Law no. 2004-803 of August 9, 2004 on the electricity and gas public service and electricity and gas companies (amending Law no. 46-628 of April 8, 1946) whose provisions were aimed at organizing the change in the Company's legal status.

On July 7, 2005, the Company publicly floated its shares on the stock market. The Company's shares, under its former name, Gaz de France, were first listed on July 7, 2005 and began trading on the Euronext Paris Eurolist on July 8, 2005.

Law 2004-803 of August 9, 2004, as amended by Law 2006-1537 of December 7, 2006 governing the energy sector, providing that the State hold more than a third of the Company's share capital from henceforth, and Decree 2007-1784 of December 19, 2007 authorized the transfer of the Company from the public to the private sector. July 22, 2008 saw the Company's merger-absorption of SUEZ.

SUEZ itself was the result of the merger in 1997 of Compagnie de Suez and Lyonnaise des Eaux. At the time, the Compagnie de Suez - which had built and operated the Suez canal until its nationalization by the Egyptian government in 1956 - was a holding company with diversified stakes in Belgium and France, particularly in the finance and energy sectors. Lyonnaise des Eaux was a diversified company in the management and treatment of water, waste, construction, communications and technical facility management. SUEZ became an international industrial and services group whose objective

was to meet essential requirements in electricity, gas, energy and industry services, water and waste management.

The deregulation of European energy markets in the early 1990s promoted the international development of both Gaz de France and SUEZ, which progressively expanded their activities beyond their respective traditional markets, both in Europe and internationally.

Gaz de France's merger-absorption of SUEZ in July 2008, entailed the Company transferring the majority of its share capital to the private sector and taking the name "GDF SUEZ" on July 22, 2008, the effective date of the merger-absorption, following ratification by the Combined Shareholders' Meeting of July 16, 2008.

The approval of the merger by the European Commission given on November 14, 2006 was conditional on the implementation of remedial action in certain areas. The principal remedies required for EC approval were duly carried out.

Since December 24, 1954 GDF SUEZ has been listed in the Paris Trades and Companies Register under reference number 542,107,651. Its *NAF* (French business sectors) code is 3523Z.

Transformed into a public limited company on November 20, 2004, the Company is incorporated for a term of 99 years from this date. Unless the Company is dissolved earlier or its term is extended, it will cease trading on November 19, 2103.

GDF SUEZ has its registered headquarters at 16-26 rue du Docteur Lancereaux - 75008 Paris - France. Its telephone number is + 33 (0) 1 57 04 00 00.

GDF SUEZ is a public limited liability company (*société anonyme*) with a Board of Directors subject to the laws and regulations governing public limited companies and any specific laws governing the Company and to its bylaws.

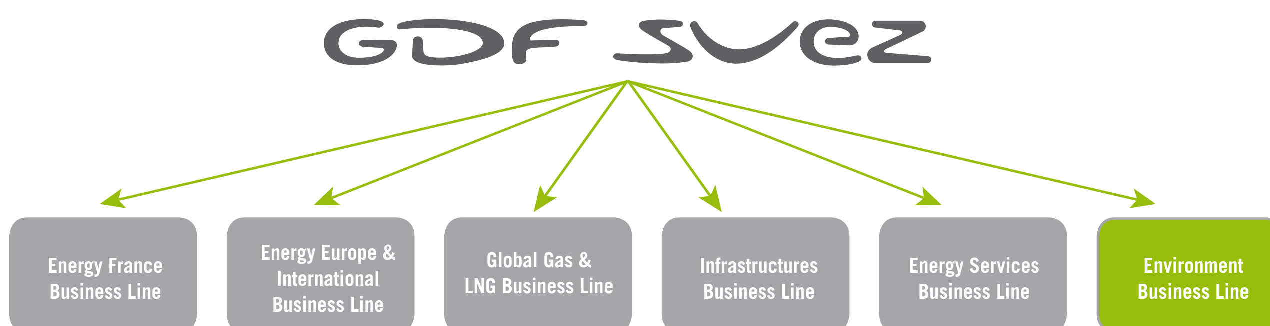
GDF SUEZ is subject in particular to Law 46-628 of April 8, 1946 governing the nationalization of electricity and gas, Law 2003-8 of January 3, 2003 governing gas and electricity markets and energy public service, Law 2004-803 of August 9, 2004 governing electricity and gas public service and electricity and gas companies, and Law 2006-1537 of December 7, 2006 governing the energy sector.

The Company's financial year is 12 months and runs from January 1st to December 31st of each year.

1.1.3 ORGANIZATION

GDF SUEZ is structured in:

- 6 business lines (five energy business lines and one environment business line) sometimes subdivided into business areas, that operate a set of business units (BUs) which are structures that group similar activities in terms of business challenges (market, competition, regulation, cost structure, geography);
- Functional divisions that provide supervision both at corporate and business line level.



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The **Energy France** business line operates in France, ensuring gas and electricity supplies, electricity production and the provision of energy services to private individuals.

The **Energy Europe & International** business line (broken down into five business areas: Energy Benelux & Germany, Energy Europe, Energy Latin America, Energy North America, Energy Middle-East, Asia and Africa) ensures the production and supply of electricity and energy services as well as the distribution and supply of natural gas worldwide outside France.

The **Global Gas and LNG** business line is in charge of the exploration & production of natural gas and oil, supply and shipping of natural gas and LNG, energy trading, and supplying major accounts in Europe.

The **Infrastructures** business line builds and operates large natural gas transport infrastructures in France, Austria and Germany, regasification terminals and distribution networks in France. It also manages storage activities in France and abroad.

The **Energy Services** business line provides comprehensive multi-technical service packages (electrical, mechanical and HVAC engineering and system integration), engineering, urban heat- and/or cooling-network management in France and abroad, design, construction and management of industrial and tertiary energy facilities.

The **Environment** business line ensures water, sanitation and waste management services and water treatment engineering.

The GDF SUEZ center (based both in Paris and Brussels) is responsible for strategic orientations and financial performance, in particular for:

- defining and adapting structures;
- developing broad functional policies (finance, strategy, audit, internal control, risk management, human resources, office of general secretary, legal, communications, research-innovation, performance, information systems, purchasing, safety, etc.);
- controlling and overseeing the implementation of internal policies and procedures;
- steering functional lines;
- steering transversal processes, in particular developing intra-business-line synergies;
- and within shared service centers and centers of expertise, steering missions that can be shared by several business lines.

See also 7.5.2.2 – Report of the Chairman of the Board of Directors pursuant to Article L. 225-37 of the French commercial code.

2010 will see the uniting, in two adjoining towers provisionally called T1 and B Building at La Défense, certain business line teams based in the Ile-de-France region and most of the ones based in the Headquarters, which currently spread out in around ten or so sites in the Ile-de-France. 1,200 Global Gas & LNG business line employees have already moved there since February. During the course of the year and after obtaining the necessary authorizations, they should be joined by employees of the Energy France business line, the Energy Europe business area and Paris Headquarters. This grouping of almost 4,000 employees demonstrates GDF SUEZ's will to facilitate exchanges and to develop a common culture.

1.2 GROUP KEY FIGURES

1.2.1 GROUP FINANCIAL DATA

In millions of euros	Gaz de France 2005	SUEZ 2005	Gaz de France 2006	SUEZ 2006	Gaz de France 2007	SUEZ 2007	GDF SUEZ pro forma 2007	GDF SUEZ pro forma 2008	GDF SUEZ published 2008	GDF SUEZ 2009
1. Revenues	**22,872**	**41,489**	**27,642**	**44,289**	**27,427**	**47,475**	**71,228**	**83,053**	**67,924**	**79,908**
of which generated outside France	8,139	31,769	10,840	33,480	11,361	35,543	43,998	52,708	47,156	49,184
2. Income										
- EBITDA				6,559	5,696	7,433	12,539	13,886	10,054	14,012
- Gross operating surplus (EBO)	4,248		5,149		5,666					
- Gross operating Income (RBE)		6,508		7,083		7,965				
- Operating income	2,821		3,608		3,874					
- Current operating income		3,902		4,497		5,175	7,824	8,561	6,224	8,347
- Net income Group share	1,782	2,513	2,298	3,606	2,472	3,924	5,752	6,504	4,857	4,477
3. Cash flow										
Cash flow from operating activities	2,788	5,826	3,066	5,172	4,778	6,017	10,429	7,726	4,393	13,628
of which cash generated from operations before financial income and income tax and		5,751		6,384		7,267	12,451	13,287	9,686	13,016
of which operating cash flow	4,254		5,118		5,904					
Cash flow from investment	(2,110)	(8,992)	(2,174)	(366)	(2,623)	(4,681)	(6,937)	(11,845)	(7,348)	(8,369)
Cash flow from financing	299	6,488	(566)	(6,938)	(1,403)	(2,518)	(4,231)	3,084	5,528	(4,091)
4. Balance sheet										
Shareholders' equity Group share	14,484	16,256	16,197	19,504	17,953	22,193	NA	57,748	57,748	60,285
Total equity	14,782	18,823	16,663	22,564	18,501	24,861	NA	62,818	62,818	65,527
Total balance sheet assets	39,936	80,443	42,921	73,435	46,178	79,127	NA	167,208	167,208	171,425
5. Per-share data (in euros)										
- Average number of outstanding shares[(a)]	942,438,942	1,053,241,249	983,718,801	1,261,287,823	983,115,173	1,269,572,284	2,177,496,287	2,160,674,796	1,630,148,305	2,188,876,878
- Number of shares at period-end	983,871,988	1,270,756,255	983,871,988	1,277,444,403	983,871,988	1,307,043,522	NA	2,193,643,820	2,193,643,820	2,260,976,267
- Earnings per share	1.89	2.39	2.34	2.86	2.51	3.09	2.64	3.01	2.98	2.05
- Dividend paid	0.68	1.00	1.10	1.20	1.26	1.36	NA	1.40	1.40	1.47
6. Headcount										
Total workforce	**52,958**		**50,244**		**47,560**					
Total average workforce		**208,891**		**186,198**		**192,821**	**NA**	**234,653**	**234,653**	**242,714**
- Fully consolidated entities		157,918		138,678		146,350	NA	194,920	194,920	201,971
- Proportionately consolidated entities		41,673		38,567		37,592	NA	31,174	31,174	35,294
- Entities consolidated by equity method		9,300		8,953		8,879	NA	8,559	8,559	5,449

(a) Earnings per share is calculated based on the average number of shares outstanding, net of treasury shares.
Dividend 2009: proposed dividend (including an interim dividend of €0.8 paid in December 2009)

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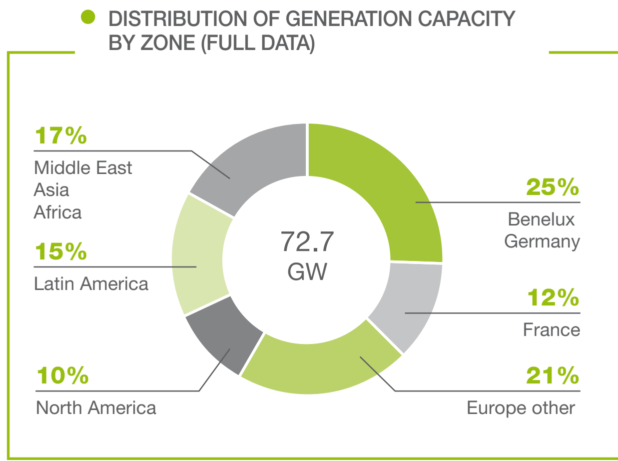
1.2.2 NON-FINANCIAL INDICATORS

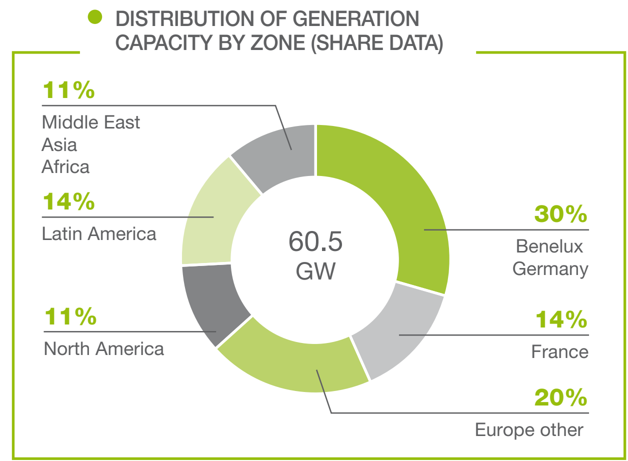
1.2.2.1 Electricity production

GDF SUEZ owns and develops a flexible and efficient generation fleet in its key markets: Europe, Latin America and the Middle-East. The Group's installed capacity as of 31 December 2009 was almost 73 GW[1] on a 100% basis or 61 GW[2] on a proportional basis.

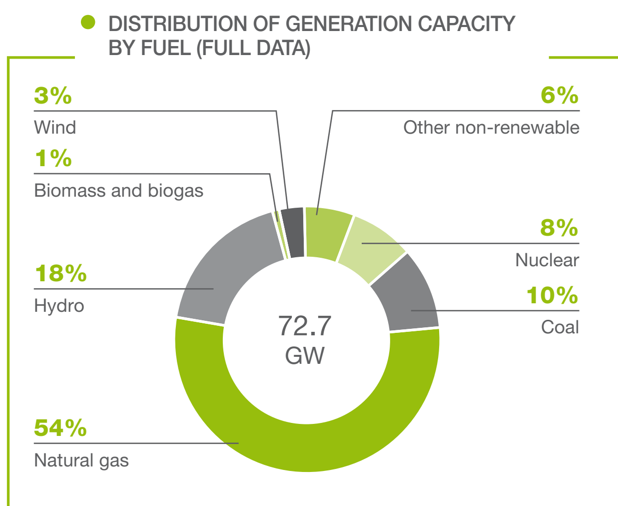
DISTRIBUTION OF GENERATION CAPACITY BY ZONE (FULL DATA)



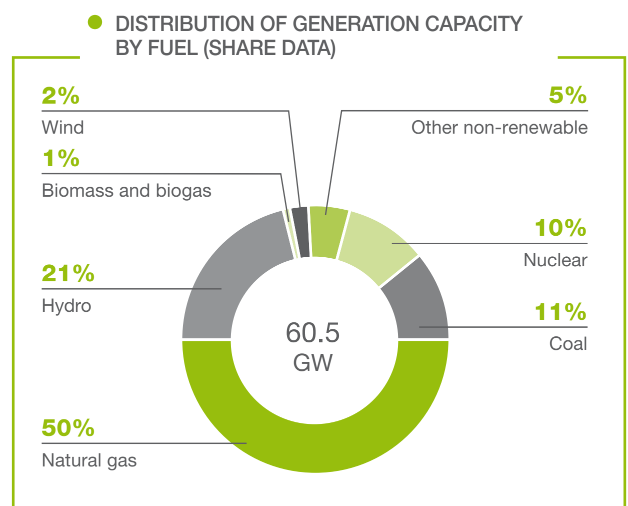
DISTRIBUTION OF GENERATION CAPACITY BY ZONE (SHARE DATA)



DISTRIBUTION OF GENERATION CAPACITY BY FUEL (FULL DATA)



DISTRIBUTION OF GENERATION CAPACITY BY FUEL (SHARE DATA)

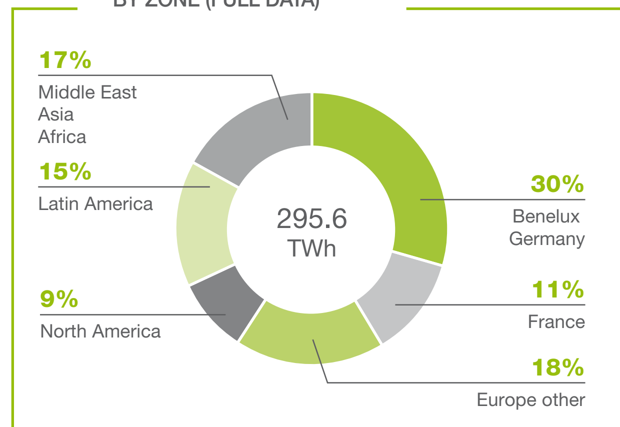


More than half of total assets are natural gas plants, 18% are hydroelectricity plants, 8% nuclear power plants, and 10% coal-fired plants (on a 100% basis). In 2009, the Group produced 296 TWh on a 100% basis (253 TWh per the proportional calculation).

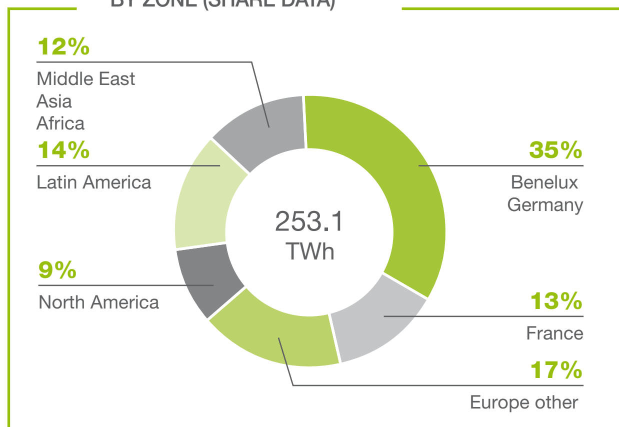
(1) *The 100% calculation includes the total capacity of all facilities held by GDF SUEZ irrespective of the actual percentage stake of the holding, except for drawing rights which are included in the total if the Group owns them and deducted if they are granted to third parties.*

(2) *The proportional calculation includes the total capacities of the fully consolidated companies and the capacities of proportionally consolidated and equity method consolidated companies in proportion to the share held.*

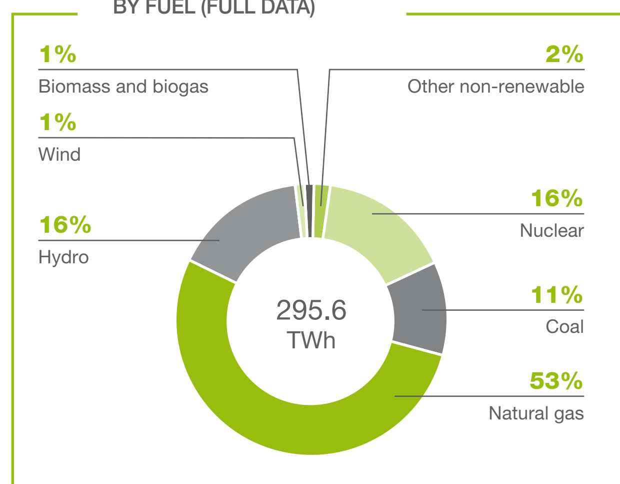
ELECTRICITY GENERATION BY ZONE (FULL DATA)



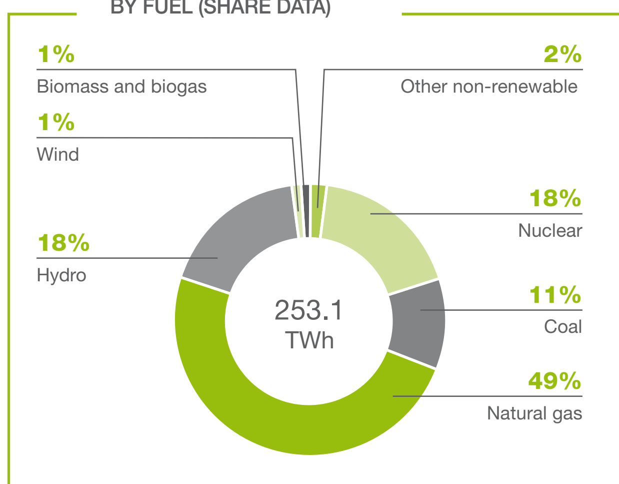
ELECTRICITY GENERATION BY ZONE (SHARE DATA)



ELECTRICITY GENERATION BY FUEL (FULL DATA)



ELECTRICITY GENERATION BY FUEL (SHARE DATA)



More than half of production (100% basis) came from natural gas plants, 16% from hydro, 16% from nuclear, and 11% from coal.

The combined power of Group projects under construction at December 31, 2009, was 19.5 GW, with almost 60% of this from natural gas.

GDF SUEZ considers this structure guarantees robust competitiveness in terms of the energy efficiency of its power plants, its flexibility, and its environmental impact. Its production facilities include efficient technologies and low-pollution fuels. The Group is pursuing its efforts in this field, and participates in research to improve the efficiency of power plants and curb their local and global environmental impact.

The Group's centralized electricity generation fleet has a low carbon footprint, with an average 327 kg CO_2/MWh recorded for Europe in 2008, below the 350 kg/MWh European average estimated by PWC. Worldwide, at the end of 2008, the Group's assessed power plant emissions were 366 kg/MWh.

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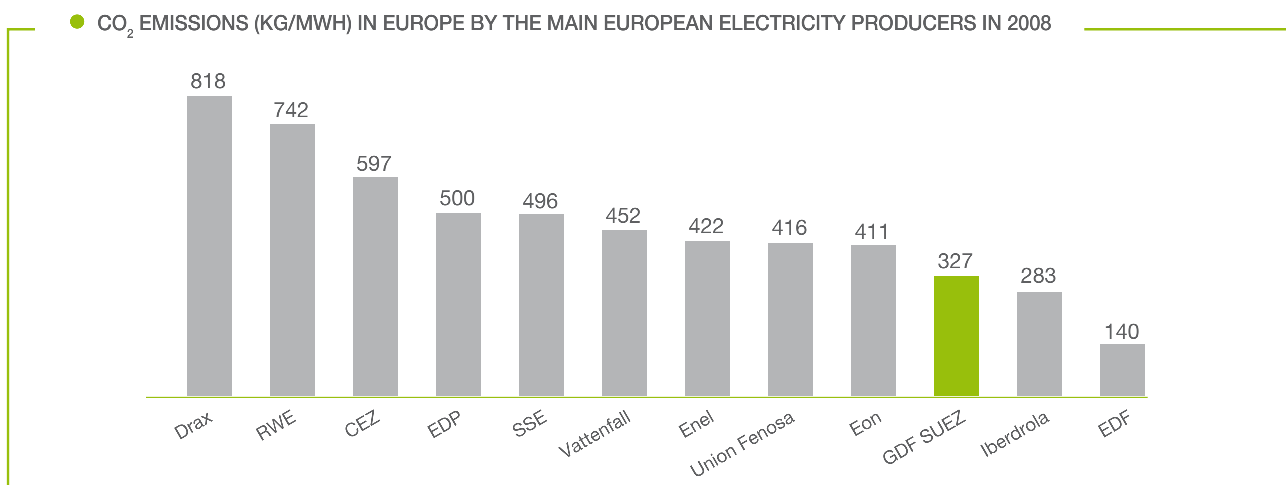
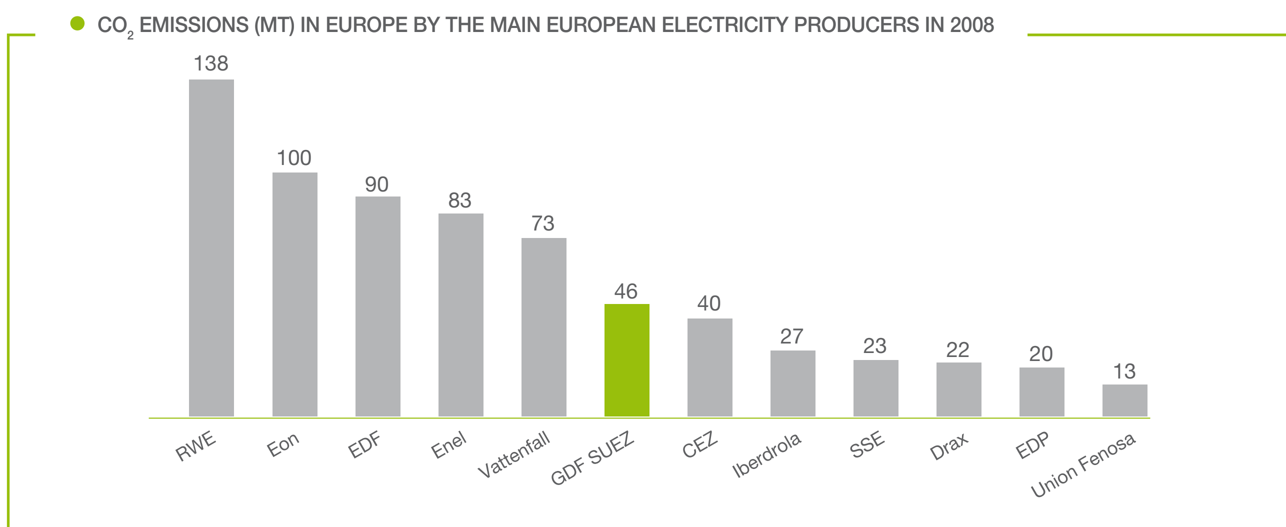
CO_2 EMISSIONS (KG/MWH) IN EUROPE BY THE MAIN EUROPEAN ELECTRICITY PRODUCERS IN 2008



Source: Climate Change and Electricity – European Carbon Factor – PWC –November 2009 (European emissions from electricity production).

In 2008, GDF SUEZ electricity plants emitted 46 million tons (Mt) of CO_2 in Europe and 89 Mt in the rest of the world.

CO_2 EMISSIONS (MT) IN EUROPE BY THE MAIN EUROPEAN ELECTRICITY PRODUCERS IN 2008



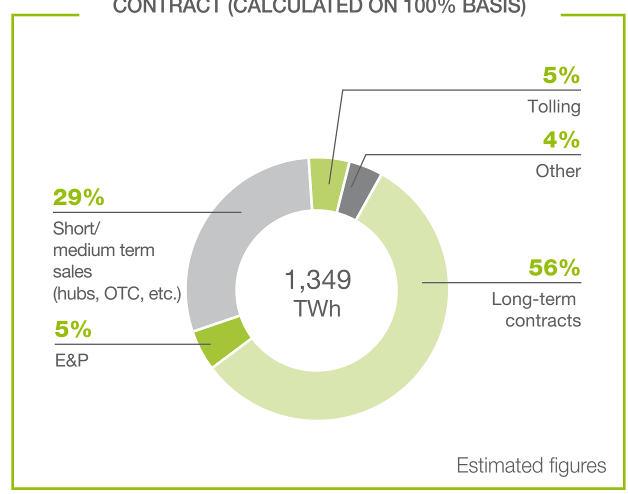
Source: Climate Change and Electricity – European Carbon Factor – PWC –November 2009 (European emissions from electricity production).

1.2.2.2 Natural gas portfolio

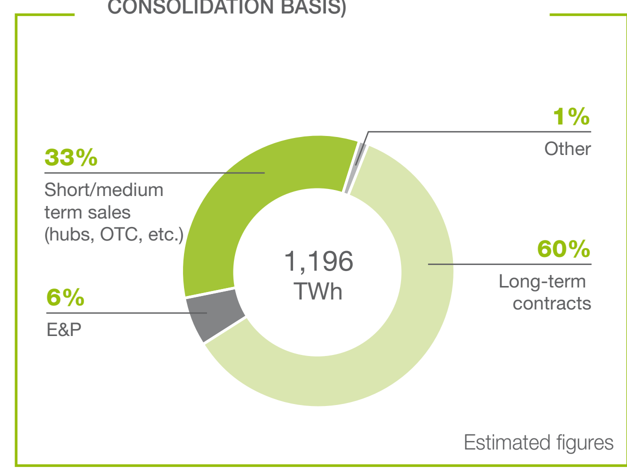
Most of the Group's natural gas is supplied *via* one of the most diversified portfolios of long-term contracts in Europe, sourced from more than 10 countries. These contracts give GDF SUEZ the necessary visibility to ensure its development and secure its supplies. GDF SUEZ is also one of the biggest short-term market players in Europe. This means it can optimize its supply costs by adjusting its purchasing to match its needs.

The GDF SUEZ portfolio, which represents some 1,200 TWh (calculated along financial consolidation rules), or about 110 billion m^3, is among the most diversified in Europe.

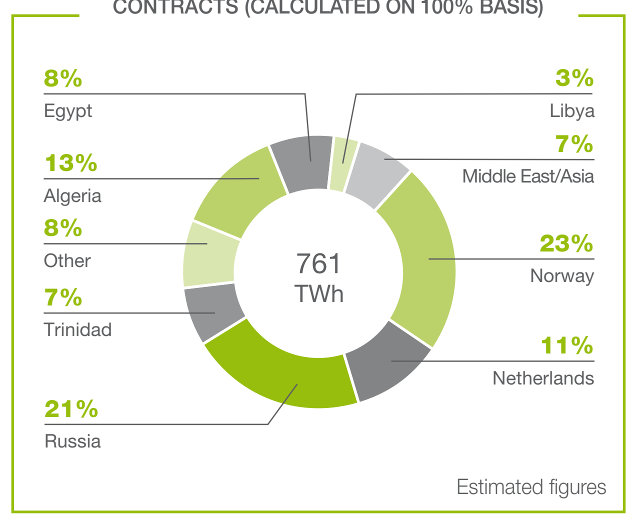
PORTFOLIO BREAKDOWN BY TYPE OF CONTRACT (CALCULATED ON 100% BASIS)



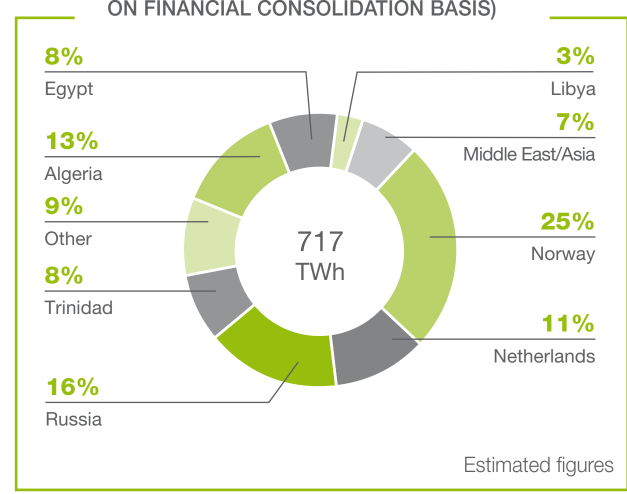
PORTFOLIO BREAKDOWN BY TYPE OF CONTRACT (CALCULATED ON FINANCIAL CONSOLIDATION BASIS)



GEOGRAPHICAL BREAKDOWN OF LONG-TERM CONTRACTS (CALCULATED ON 100% BASIS)



GEOGRAPHICAL BREAKDOWN OF LONG-TERM CONTRACTS (CALCULATED ON FINANCIAL CONSOLIDATION BASIS)



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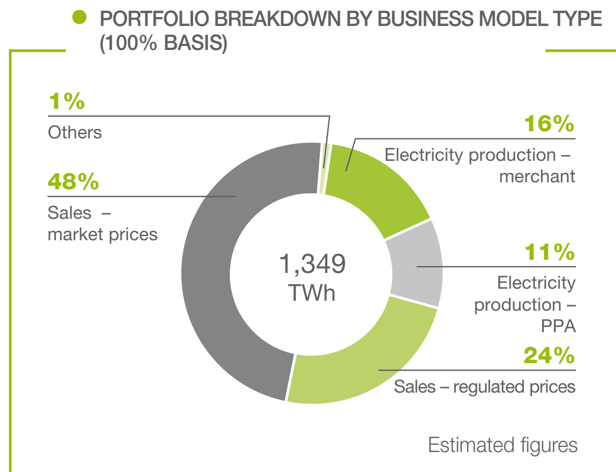
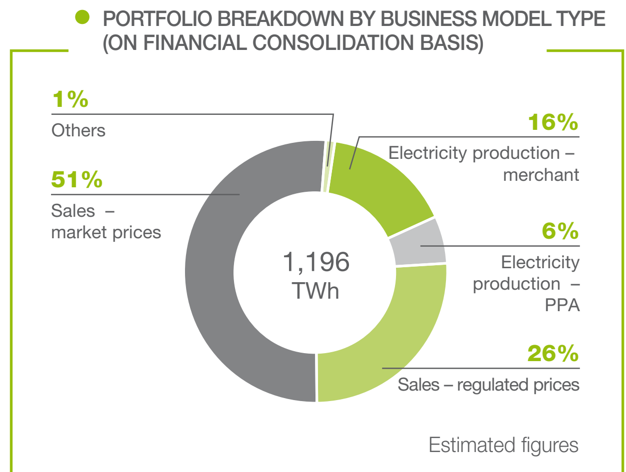
The three largest long term suppliers are Norway, Russia and Algeria. Calculated on a financial consolidation basis, in 2009 they represented 25%, 16% and 13% respectively of the Group's long-term contracts (or 23%, 21% and 13% on a 100% basis). About 20% of the portfolio consisted of LNG on a financial consolidation basis (or 18% on a 100% basis).

The Group's sales portfolio is balanced across the various segments and shows good coverage in volumes and prices.

PORTFOLIO BREAKDOWN BY BUSINESS MODEL TYPE (100% BASIS)



PORTFOLIO BREAKDOWN BY BUSINESS MODEL TYPE (ON FINANCIAL CONSOLIDATION BASIS)



1.3 STRATEGIC PRIORITIES

The Group has the benefit of a promising industrial outlook little affected by the economic and financial crisis. GDF SUEZ's competitive position in its businesses, its experience, its technological leadership and its commitment to sustainable development give it a solid foundation for growth in a changing competitive environment (see section 1.5 "Competitive Environment" and section 1.6 "The Energy Sector around the World and in Europe").

In this context, GDF SUEZ is implementing policies aimed at improving operating profitability and at generating cash in all its businesses, and to increase its industrial development through a sustained investment program (€30 billion over 2008-2010). These investments will be carried out in accordance with strict financial discipline (maintaining a "strong A" category rating in the medium term and maintaining its investment criteria).

The Group boasts high-performing energy businesses and a significant degree of convergence between natural gas and electricity activities. It is backed by solid assets that combine technical expertise, a balanced energy mix, integration all along the value chain up to and including energy saving services, as well as a European and global presence. It features a diversified supply portfolio and a flexible, high-performing electricity generation fleet that is capable of offering innovative energy solutions to private individuals, local authorities and companies.

In environment, SUEZ Environnement Company, 35.4%-owned by GDF SUEZ, offers services and facilities that are essential for life and for environmental protection in the areas of water (from catchment to discharge into the natural environment) and waste (collection, incineration and recycling), for local authorities and private-sector customers in more than 35 countries.

GDF SUEZ is a utility positioned at the heart of Europe, with a strong commercial position and a flexible and diversified energy mix, that bases its development on partnership and world-class leadership in four essential activities:

- in LNG, an essential vector in the globalization of natural gas markets, the Group is the largest importer in Europe[1], the largest importer in the United States[1], and the 2nd largest LNG terminal operator in Europe;
- in independent power production in strongly growing economic regions, the Group is the largest independent in Brazil and the

(1) Source: GIIGNL, US Department of Energy, and internal benchmark composed from annual reports (2008 data).

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Gulf countries, the 2nd largest in Peru and Panama, and the 3rd largest in Thailand(2).

- in energy services, in particular in the growing field of energy-saving, the Group is the largest supplier of energy- and environmental-efficiency services in Europe;
- in environment, SUEZ Environnement is the 2nd largest world operator in water, which is key for sustainable development, and the 4th largest in solid waste.

The strategic priorities per business line are as follows:

In electricity production, the Group aims to develop a diversified, efficient, flexible and sustainable production mix with a capacity of 100 GW by 2013, more than 10 GW of which would be in France, mainly in renewable energies (hydraulic, wind, biomass and solar), nuclear power and natural gas plants.

Nuclear energy is a competitive source for electricity production, but it is also the only energy source that can help cut greenhouse gases massively in the short and medium term. Countries that use this type of energy are less dependent on fossil fuel producing countries. The industry boosts technology, research, jobs and local development. GDF SUEZ is a historical player in the nuclear field (7 plants in Belgium totaling 4,994 MW) with 40 years' experience upstream (engineering, procurement, operation, maintenance, etc.) and downstream (waste management, decommissioning). It also boasts solid industrial credibility (its operational performance is among the best in the world), a constant daily commitment to safety and an original development model in partnership with manufacturers. GDF SUEZ also has 1,108 MW drawing rights in France and 700 MW in Germany under agreements signed with EDF and E.ON. With these strengths, GDF SUEZ intends to play a major role in the new-generation nuclear power industry:

- in France (where the Group, alongside with Total, is EDF's partner in a project to build a second European Pressure Reactor (EPR) at Penly and its candidature as a nuclear operator has been accepted by the French State);
- in other European countries (in particular in the United Kingdom where the Group, with its partners Iberdrola and Scottish & Southern Energy, has acquired land with a view to developing a nuclear facility on it from 2015, as well as in Romania); and outside Europe (in Brazil in particular).

In marketing to residential and business customers in France, the Group is developing multi-energy offers aiming at capturing 20% share of the electricity market in the long term.

In Exploration-Production and natural gas supply, the Group's objective is to continue developing, diversifying, securing and optimizing its portfolio in natural gas resources.

In LNG, the Group will continue its growth by capitalizing on its solid positions to build on its leading status in the Atlantic basin and by driving forward its capabilities in other markets.

In infrastructures, the Group will have a regasification capacity in France of 24 Gm^3/year by 2013, will develop its storage capacities in Europe and will grow the transmission capacities it owns (increasing entry capacity into the transmission network by 15% between 2009 and 2013).

In energy services, the Group intends to capitalize on development opportunities while ensuring it positions itself among the most profitable players in the sector.

In environment, the Group aims to achieve dynamic development with profitable growth in the water and waste management businesses, through targeted development in Europe and a selective international approach with new business models that include management contracts, long-term capital-intensive partnerships, and innovative financing packages.

(2) In terms of gross capacity. Source: Internal benchmark composed from annual reports (largest producer in terms of net consolidated capacity in these countries) and the Middle-East Economic Digest (MEED).

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1.4 IMPROVING PERFORMANCE: THE EFFICIO PROGRAM

At the end of 2008, GDF SUEZ launched its Efficio performance plan for 2009-2011. It focuses on improving the performance of industrial infrastructures throughout the six business lines, as well as on improving the efficiency of the Group's management processes, to enable the Group to achieve its ambitious growth and profitability targets. The plan relies on the proactivity and involvement of all business lines and support functions. It aims at placing performance, efficiency and quality at the heart of the Company's management system. This plan is one of GDF SUEZ's responses to an economic crisis, which is demanding financial as well as industrial responsiveness.

The EBITDA impact target for 2009 was increased from €500 to €650 million, but the actual figure was 15% higher at €750 million. For 2010 and 2011, the targets for sustainable EBITDA gains were thus increased by €150 milion to €1,250 million and €1,950 million respectively.

1.5 COMPETITIVE ENVIRONMENT

Electricity production and marketing and gas marketing are business sectors that are broadly open to competition in Europe and the United States. On the other hand, activities that constitute natural monopolies - such as the transmission and distribution of electricity and, to a large extent, also of gas - are tightly controlled.

Elsewhere in the world, with just a few exceptions, markets are less open to competition, and international players operate in less liberalized environments, usually under long-term contracts issued on a tender basis.

1.5.1 GDF SUEZ IS A EUROPEAN AND WORLD LEADER IN ELECTRICITY AND NATURAL GAS

In natural gas, GDF SUEZ is the leading buyer in Europe, with the unique capacity to supply customers in 10 European countries. It also operates Europe's largest transmission and distribution network, is Europe's 3rd largest storage operator, Europe's 2nd largest operator of LNG terminals and a significant E&P player in the region (the largest offshore producer in the Netherlands and 5th largest in Germany).

In LNG, GDF SUEZ is the largest importer in Europe and the United States, and 3rd largest importer in the world (source: GIIGNL, 2008 data). In this field, the Group competes with major oil and gas companies such as ExxonMobil, Shell, BP, Total and BG Group, to name the largest ones. Recently, major financial institutions like Goldman Sachs have also entered the market for the physical purchase and sale of LNG.

In electricity, the Group is the 5th largest producer and 5th largest marketer in Europe[1] and the top independent power producer (IPP) in the world internationally, as well as the largest independent power producer in Brazil and the Gulf countries, 2nd largest in Peru and Panama, and 3rd largest in Thailand[2].

In services, the Group is active mostly in Europe. The Energy Services business line is ranked number one in France, Belgium, the Netherlands and Italy, has a strong position in neighboring countries, and has some initial bases for expansion into areas further afield, such as Central Europe. With a good balance of businesses, the business line has a unique portfolio of complementary activities that differentiates it from its competitors who are generally smaller in size such as Vinci Énergies, ACS, Cegelec and Spie (in installation-related activities) and Dalkia and Johnson Controls (in service-related activities).

1.5.2 GDF SUEZ HAS STRONG DOMESTIC POSITIONS IN FRANCE AND BELGIUM

In France, GDF SUEZ is the leading gas marketer with more than 10 million retail customers and a 51% market share of large accounts, 76% of industrial markets, local authorities and businesses and 91% of the residential market. In electricity, with over 7 GW capacity (5.8% of France's installed capacity), the Energy France business line is the 2nd largest producer and marketer. The Group is the leading competitor, benefiting from a diversified mix of energy, a large proportion of which is renewable. GDF SUEZ is thus the 2nd largest hydroelectricity operator, with some 15% of installed hydro capacity and close to a quarter of French hydro production through CNR and SHEM. GDF SUEZ is the leader in wind power in France with 602 MW installed at 2009-end (on a 100% calculation basis), representing 13.7% of the estimated French market. The Group is also the leader in energy services.

Source: RTE 2009 wind and hydro power report and Cera, 2008 figures.

In Belgium, GDF SUEZ, through its subsidiary Electrabel, is the leading producer and supplier of electricity, with a fleet that represents approximately two-thirds of the country's total installed capacity and supplies power to 3.6 million customers. Electrabel is also the 2nd largest natural gas supplier, with 1.9 million customers. GDF SUEZ is also the leader in Belgium in energy services *via* its subsidiaries Axima, Fabricom GRI and Tractebel Engineering. Moreover, the Group is strongly established in environmental businesses with its subsidiary SITA Belgium, one of the main players in the waste sector in Belgium.

1.5.3 CONTINUING CONSOLIDATION IN EUROPE

In Europe, the GDF SUEZ Group's main competitors in energy markets are: in electricity, international groups such as EDF, Enel, E.ON, RWE, Vattenfall and Iberdrola; in natural gas, the large gas companies such as E.ON, Eni, GasTerra, Gas Natural and Wingas. New competitors are emerging, such as large gas producers like Gazprom or players specialized in marketing, like the UK company Centrica. Eni's acquisition of GDF SUEZ's stake in Distrigaz in October 2008 has also increased competition on the gas market in Western Europe.

(1) Source: Eurostaf, 2008 figures.

(2) Gross capacity; Sources: internal benchmark composed from annual reports (largest producer in terms of consolidated net capacities in these countries) and the Middle-East Economic Digest (MEED).

1.6 THE ENERGY SECTOR AROUND THE WORLD AND IN EUROPE

1.6.1 THE GLOBAL ENERGY INDUSTRY

The global energy industry faces a triple challenge:

- the challenge of security of supply, due to the increase in demand for energy (by 1.5% a year until 2030 according to the International Energy Agency 2009 reference scenario) driven by a range of factors: demographics, development, lifestyles, trade, aging infrastructures and declining fossil fuel production in some areas;
- the challenge of competitiveness, due to the increasing volatility of energy prices, increasing scarcity of fossil fuel resources and the current high cost premium of most renewable energies, as well as a large number of energy-efficiency solutions in transportation and construction sectors;
- the challenge to prevent excessive climate change, which means curbing greenhouse gas emissions; the IEA reference scenario predicts CO_2 levels will rise 1.5% a year until 2030, whereas according to the Intergovernmental Panel on Climate Change (IPCC) they need to drop by 50% by 2050.

This triple challenge means higher costs, substantial capital investment and a fundamental change in energy mixes, against a backdrop of markets that are integrating and opening up.

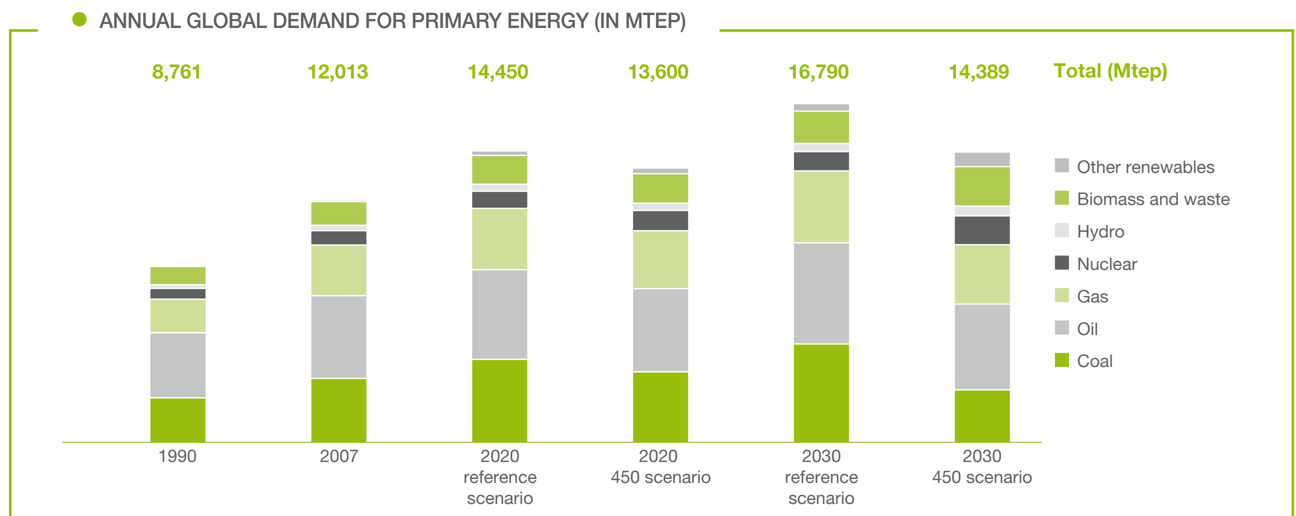
The economic and financial crisis has had a number of short-term impacts on the energy sector, even though these impacts were less heavy than on other economic sectors such as finance, construction, and car manufacturing industry: prices have fallen; global demand for oil has dropped, as has European demand for electricity and natural gas; some capital investments have been pushed back; access to credit has tightened.

However, the long-term fundamentals remain unchanged (see below).

The Copenhagen Summit brought together all the large CO_2 emitting nations in a joint initiative to fight climate change by curbing their greenhouse gas emissions, a prerequisite for establishing a clear, global, predictible framework, essential for achieving ecological targets at the lowest economic and social cost (see also 3.2.6.1).

Each year, the International Energy Agency (IEA) publishes its “World Energy Outlook” (WEO), a reference document analyzing global energy forecasts. Much of the data below has been taken from the 2009 edition. Most of it corresponds to the IEA reference scenario. However, the Agency believes that this scenario is unlikely to be sustainable, given the expected rise in greenhouse gas emissions and the resulting temperature increase. For this reason, in its 2009 edition, the IEA sets out an alternative scenario based on energetic policies to fight global warming: a “450 scenario” that corresponds to a stable long-term atmospheric greenhouse gas concentration of 450 ppm CO_2 equivalent. Most of the data presented below, however, is available in the 2009 WEO for the reference scenario only.

ANNUAL GLOBAL DEMAND FOR PRIMARY ENERGY (IN MTEP)



Source: IEA 2009 World Energy Outlook.

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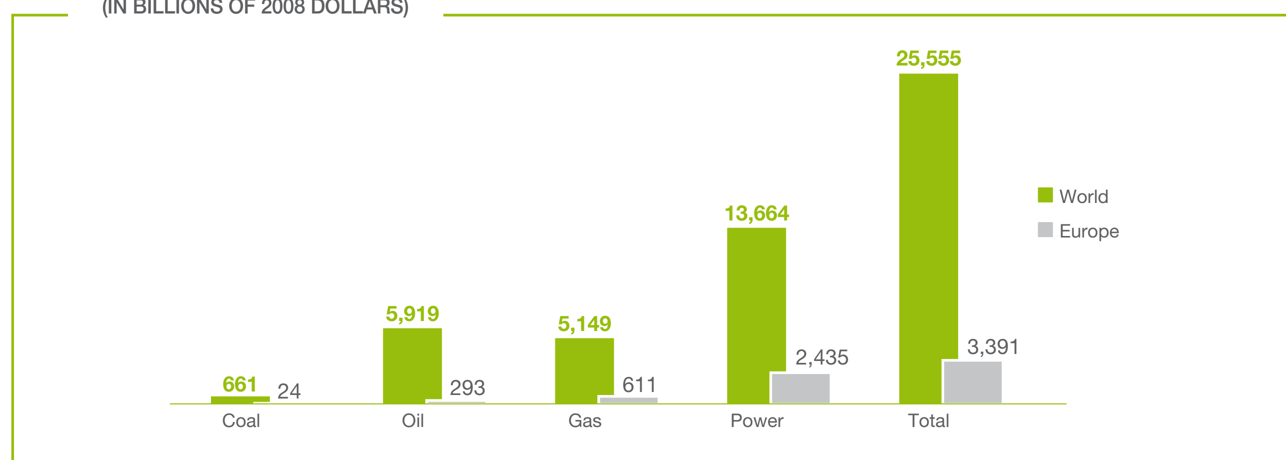
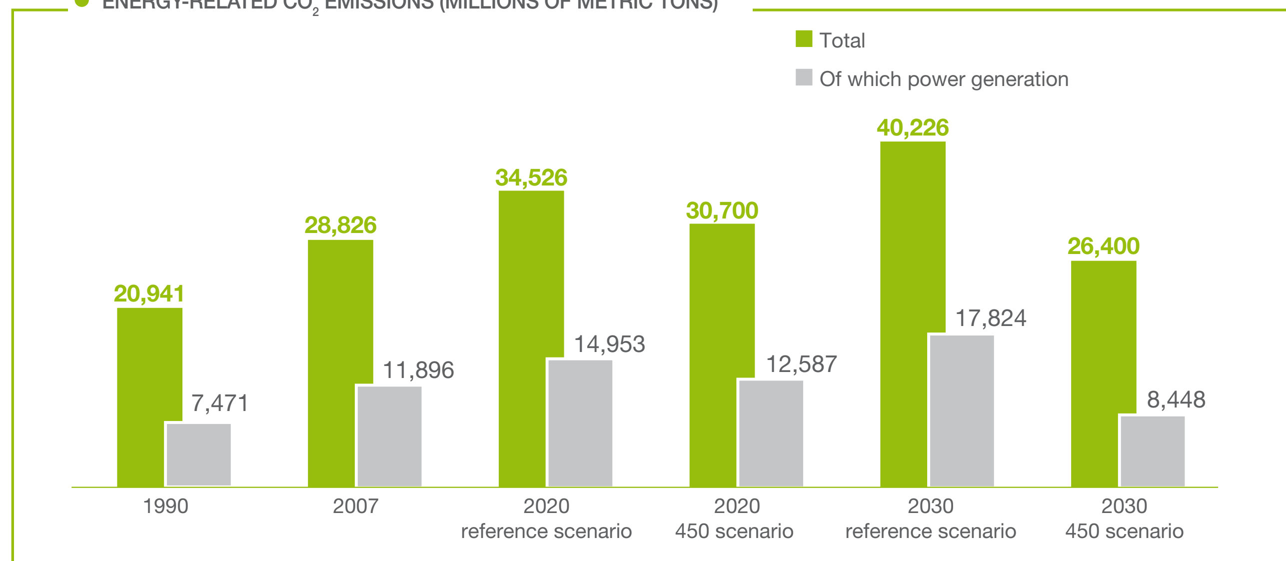
TOTAL 2008-2030 INVESTMENT REQUIREMENTS FOR ENERGY SUPPLY INFRASTRUCTURE (IN BILLIONS OF 2008 DOLLARS)



Source: IEA 2009 World Energy Outlook, reference scenario.

ENERGY-RELATED CO_2 EMISSIONS (MILLIONS OF METRIC TONS)



Source: IEA 2009 World Energy Outlook.

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1.6.2 THE ELECTRICITY SECTOR

1.6.2.1 Continuously increasing consumption

According to the IEA reference scenario, world electricity production will grow by 2.4% a year between 2007 and 2030, with electricity increasing from 17% to 22% of final energy used.

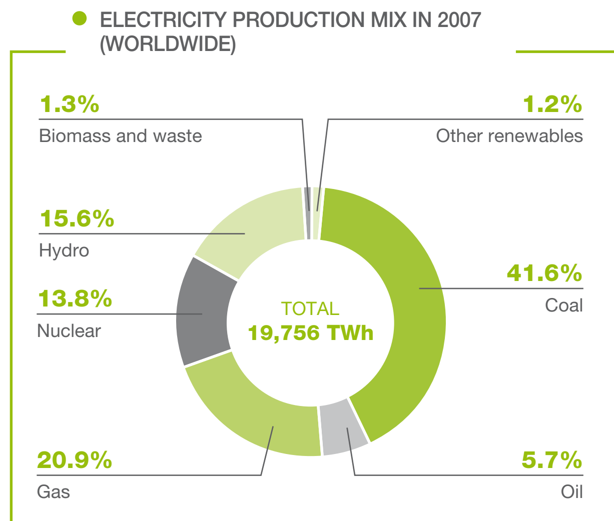
Source: IEA 2009 World Energy Outlook, reference scenario.

In Europe (EU 27), again according to the IEA, electricity production was 3,325 TWh in 2007. Approximately 31% of it was coal-based, 28% nuclear, 22% natural gas, and 3% oil, with some 15% from renewable sources.

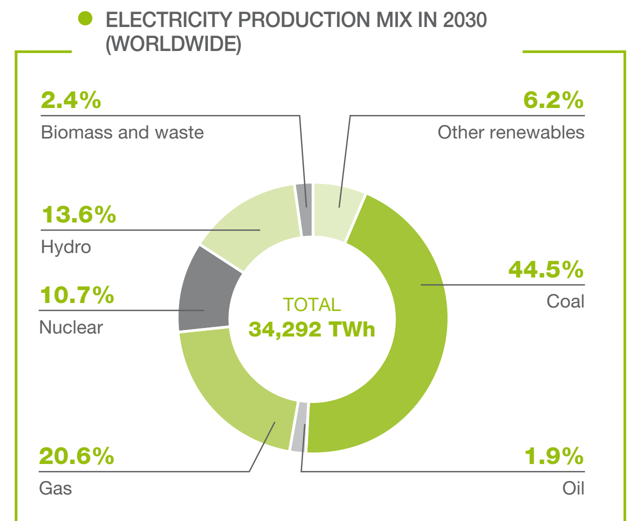
An annual growth rate of 0.8% is expected for 2007-2030.

Source: IEA 2009 World Energy Outlook, reference scenario.

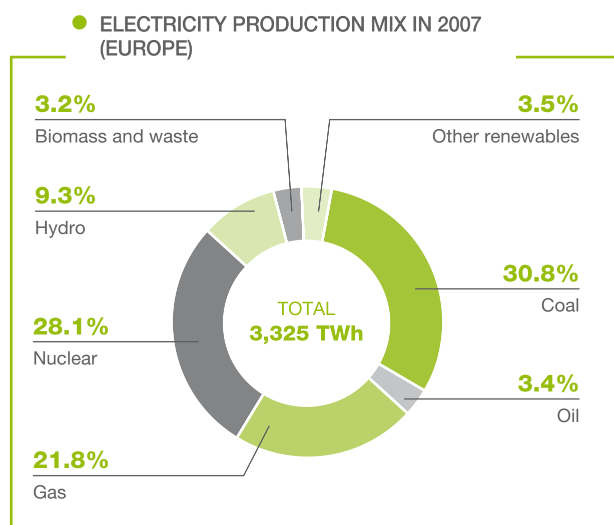
ELECTRICITY PRODUCTION MIX IN 2007 (WORLDWIDE)



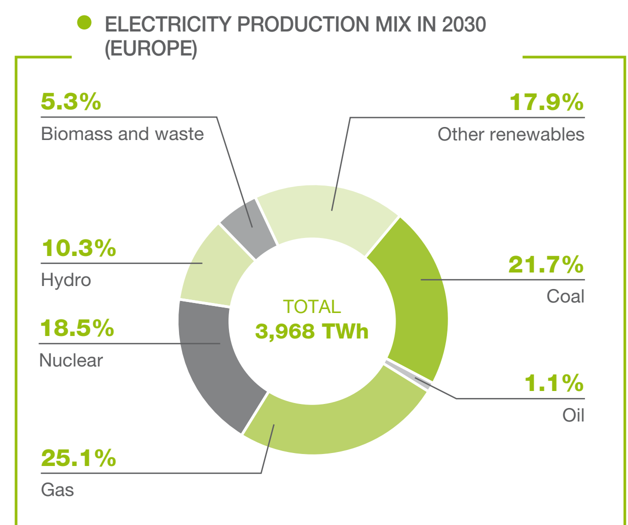
ELECTRICITY PRODUCTION MIX IN 2030 (WORLDWIDE)



ELECTRICITY PRODUCTION MIX IN 2007 (EUROPE)



ELECTRICITY PRODUCTION MIX IN 2030 (EUROPE)



Source: IEA 2009 World Energy Outlook, reference scenario

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1.6.2.2 Massive investment requirements

Over the 2007-2030 period, the global need for electricity production capacity was estimated to be more than 4,800 GW (some 1,500 GW for replacement of obsolete capacity, and over 3,300 GW of additional capacity), representing total investment (including transmission and distribution) of some $13,700 billion in 2008 dollars.

Source: IEA 2009 World Energy Outlook, reference scenario.

For the European OECD countries, the electricity production capacity requirements were estimated at more than 700 GW (385 GW for replacement of obsolete capacity, and 315 GW of additional capacity), representing a total investment in production of more than $1,500 billion in 2008 dollars, to which $900 billion in 2008 dollars for transmission and distribution is added.

Source: IEA 2009 World Energy Outlook, reference scenario.

1.6.2.3 Trend towards volatility and higher prices

Electricity cannot be stored. Supply and demand must be balanced at all times within a given area. This characteristic, combined with the sharp fluctuations in electricity demand depending on time, day and month, fluctuations in primary fossil fuel and CO_2 prices as well as the intermittent nature of wind and solar power, makes the wholesale spot price of this form of energy very volatile.

Electricity prices regularly hit peaks, reflecting supply-demand pressures due to either low supply or high demand.

1.6.2.4 Nuclear, a Franco-Belgian specificity

In Belgium, nuclear energy dominates electricity production, accounting for more than half of Belgium's total production in 2008[(1)]. All the nuclear power plants are operated by GDF SUEZ but some of the capacity is held by EDF and a band is sold to E.ON. The Group's plants achieved close to 89% availability over 2000-2009, near 88% in 2009 – and a utilization rate of 98%.

Electricity production in France is unique in being mostly nuclear (over 75% in 2008[(2)]), and is mostly provided by EDF. Its main competitors are GDF SUEZ and E.ON (which acquired Snet in 2008).

In early 2009, the French Government announced plans to build a second EPR in France (the first being Flamanville currently under construction) in partnership with EDF, GDF SUEZ and Total. The construction of a third 3rd generation nuclear power plant – EPR or ATMEA – is also envisaged.

1.6.3 THE NATURAL GAS INDUSTRY

1.6.3.1 Continuously increasing consumption

Worldwide

Natural gas markets have been growing steadily since 1973, at an average annual rate of 2.8% between 1973 and 2008[(3)]. Global natural gas consumption in 2008 was 3,154 billion m^3.

The share of total energy consumption represented by natural gas is still increasing, although the pace is slowing. In its reference scenario the IEA predicts that if natural gas grows at an annual 1.5%, its share of the total energy market will remain steady at 21%. This growth is expected to be driven primarily by Africa, Latin America and Asia, where annual rates will exceed 2.5%. However, the European and North American OECD markets will remain the major markets during that period (representing 41% of final gas consumption in 2030).

Source: IEA 2009 World Energy Outlook, reference scenario.

According to the IEA, the electricity production sector should account for almost half of the increase in global gas demand (rising 2.4% a year between 2007 and 2030), from 39% of total demand in 2007 to 41% in 2030. According to the Agency, natural gas is preferred to other fuels in many regions of the world, particularly for the production of electricity due to its competitive pricing, its environmental advantages and the relatively low investment cost of a combined cycle gas plant compared with other centralized electricity production facilities. Natural gas is thus a highly pertinent form of energy for transitioning to a carbon-neutral economy, all the more so if CO_2 capture and storage technologies are developed.

Source: IEA 2009 World Energy Outlook, reference scenario.

(1) *Source: FEBEG (Fédération Belge des Entreprises Électriques et Gazières- Belgian Federation of Electricity and Gas Companies), 2008 annual report.*

(2) *Source: 2008 France Energy Report (Bilan énergétique de la France pour 2008) by the Ministry of Ecology, Energy, Sustainable Development and the Sea.*

(3) *Source: "Natural gas Information 2009", International Energy Agency (preliminary figures).*

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In Europe

In Europe (EU 27), again according to the IEA, natural gas consumption in 2007 was 526 billion m³. According to the reference scenario, the share of natural gas in primary energy consumption is expected to increase from 25% in 2007 to 29% in 2030 with an annual growth rate of 0.7% over the period. Final demand for natural gas in Europe is also expected to increase between 2007 and 2030, at a more modest growth of 0.4% per year.

Source: IEA 2009 World Energy Outlook, reference scenario.

Growth in demand for natural gas in the electricity production sector is as sustained as in the overall global energy sector. In 2006, electricity production accounted for 32.4% of primary natural gas consumption, and should rise to 37.6% in 2030. Electricity production from natural gas is expected to grow over this period by 1.4% per year.

This growth should receive impetus from Europe's implementation of European directives aimed at fighting global warming and cutting down greenhouse gas emissions by encouraging the use of energy sources that have the lowest carbon footprint.

1.6.3.2 Natural gas supply

The global natural gas market is characterized by a concentration of reserves in a limited number of locations that are often remote from where the gas will be consumed. A fundamental characteristic of the natural gas industry is the high cost of transport, which constitutes a significant part of the total cost of gas delivered. Transporting gas is actually 7 to 10 times more expensive than transporting the energy-equivalent quantity of oil[(1)].

Inter-regional trade is growing (677 billion m³ in 2007 to 1,070 in 2030, a 58% increase), due primarily to the steady growth of the LNG industry (from some 220 billion m³ in 2007 to 420 in 2030), although pipeline gas transport (*via* major pipelines) dominates the exchanges.

Source: IEA 2009 World Energy Outlook, reference scenario.

To transport these additional quantities, the industry will need to develop new pipelines, as well as new LNG production, transportation and receiving capacities. The gas industry is extremely capital-intensive. The IEA estimates the need for investment in the global gas industry in 2008-2030 to be over $5,150 billion (2008 dollars), of which 58% would go towards E&P (hydrocarbon exploration and production), 33% towards transport and distribution, and 9% for LNG.

Source: IEA 2009 World Energy Outlook, reference scenario.

European demand for natural gas is partially satisfied by European reserves. In 2008, 37% of the natural gas consumed in Europe (EU 27) came from within the European Union, with the remainder from Russia (23%), Norway (18%) and Algeria (9%). In 2008, the European Union's natural gas production was some 200 billion m³, with 37% produced in the United Kingdom (75 billion m³) and 36% in the Netherlands (72 billion m³).

Source: Eurogas 2008-2009 annual report.

Given the expected decline in European production, an increasing percentage of Europe's natural gas supply will need to be imported to meet growing consumption. The IEA predicts that natural gas imports by European OECD countries will increase from 250 billion m³ in 2007 (46% of consumption) to 428 billion m³ in 2030 (66% of consumption), most of which will come from Russia and Algeria.

Source: IEA 2009 World Energy Outlook, reference scenario.

(1) *Source: Jean-Marie Chevalier, "Security of energy supply in the European Union", European Review of Energy Markets (2006).*

2

PRESENTATION OF ACTIVITIES

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2.1 ORGANIZATION OF ACTIVITIES AND DESCRIPTION OF BUSINESS LINES

2.1.1 ENERGY FRANCE BUSINESS LINE

2.1.1.1 Mission

GDF SUEZ's Energy France business line is a major player in the French energy sector. It covers a set of activities that include power generation, the marketing of natural gas, electricity and related services, as well as household eco-comfort solutions. Integrating these activities within the Group, combined with diversified and efficient power assets, enables it to provide its customers with a competitive energy and services offer.

2.1.1.2 Strategy

The Energy France business line is a player committed to sustainable development in France:

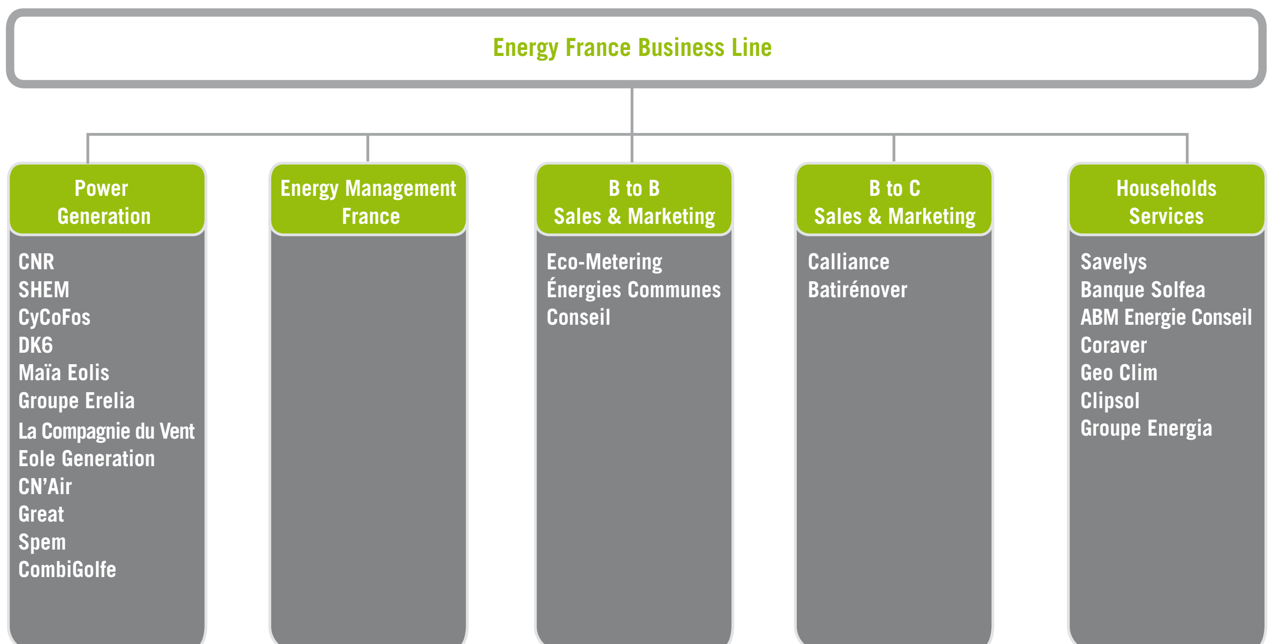
- its production facilities have a low carbon footprint and include a high percentage of renewable energy sources;
- it also offers its customers service packages that promote the use of renewable energy in private homes.

The business line has clear development objectives in France's energy sector: to sustain its leading position in natural gas marketing and sales, to be the main challenger in power generation and marketing, and to be the leader in eco-comfort solutions for individual housing.

The Energy France business line has set up three objectives:

- to develop and operate large power generation facilities that will be efficient and diversified and with a low carbon footprint;
- to grow the value of its customer base;
- to develop its service packages and household eco-comfort solutions.

2.1.1.3 Organization



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2.1.1.4 Key figures

2008 pro forma data, in millions of euros	2009	2008	Total change (%)
Business line revenues	13,954	14,500	-3.8%
EBITDA*	366	253	44.7%

* *Following the reorganization resulting from the Gaz de France and SUEZ merger, entities previously attached to the operational sector of Benelux-Germany were transferred to the Energy France sector.*

Power generation capacity *(in MW)* **– accounting consolidation method (full consolidation unless otherwise stated)**	2009	2008
Thermal power plants	1,698	1,210
Hydroelectric power plants	3,720	3,714
Other renewable energy*	513**	384
Nuclear (drawing rights)	1,108	1,108
TOTAL	**7,039*** **	**6,416**

* *Mala Eolis 49% proportionally consolidated, Eole Generation in stake-held (5.6 MW for St Servais +51% of 7.5 MW (according to the agreement, 49% Endesa) for Cernon wind farm 1, +9.16% of 10 MW of Cernon wind farm 2 (the remaining 90.84% stake held by local investors)).*

** *602 MW at 100 %.*

*** *7 128 MW at 100 %.*

Power generation capacity *(in TWh)* **– accounting consolidation method (full consolidation unless otherwise stated)**	2009	2008
Thermal power plants	6.1	4.0
Hydroelectric power plants	14.8	17.5
Other renewable energy	0.9	0.7
Nuclear (drawing rights)	7.5	7.6
TOTAL	**29.2**	**29.8**

Natural gas sales *(in TWh)*	2009	2008
Residential and small and medium enterprises	139.0	147.5
Business and local authorities	135.1	146.6
TOTAL	**274.1**	**294.1**

Electricity sales *(in TWh)*	2009	2008
Retail customers	4.0	2.7
Large Account customers	8.6	11.5
Market sales	20.2	16.4
Purchase obligations	1.4	1. 1
TOTAL	**34.2**	**31.8**

Number of customers *(in thousands)*	2009	2008
Number of natural gas sites	10,394	10,638
Number of electricity sites	925	589
Number of boiler maintenance contracts	1,509	1,462

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2.1.1.5 Highlights

February

- www.gazdefrance.fr was elected the best online customer relations website in the "water – energy" sector in France as part of the 11th Qualiweb survey;
- Zero-rate and Photovoltaic eco-loans launched by Banque Solfea, which has signed the Grenelle Building Plan Commitment.

April

- 2nd National Meeting of the Points Partenariaux d'Accueil et d'Orientation (Partnership Welcome and Orientation Cells) in charge of social mediation.

September

- The CyCoFos CCGT was commissioned (424 MW, located in Fos-sur-Mer);
- The "heating+insulation Eco-comfort package" launched by the Housholds Services BU.

November

- Energy Communes Conseil joint venture created, to support local authorities in orienting, structuring and implementing sustainable territorial projects.

December

- Synchronization of the CombiGolfe plant to the network (424 MW in Fos-sur-Mer);
- Steelworks gas recovery unit commissioned at the CyCoFos plant (62 MW);
- New French Public Service Contract signed between GDF SUEZ and the French State for a 4-year period from 2010 to 2013;
- Savelys buys out Services activity from Poweo;
- Thanks to the B to C BU, GDF SUEZ becomes the 3rd French company to hold the Corporate Social Responsibility (CSR) label in the contractor category.

2.1.1.6 Power generation BU

GDF SUEZ has followed its power generation capacity development with the commissioning of 623 MW to give it a total installed capacity of 7 GW.

An additional 769 MW is under construction, with a target installed capacity of 10 GW for 2013, subject to the competitive procurement schedule to be published for its hydroelectricity concessions.

GDF SUEZ is the largest combined-cycle gas plant operator in France, 2nd largest hydroelectricity producer and the largest wind power operator.

Its production facilities fully illustrate the Group's sustainable development ambitions, as 76% of them are CO_2-free.

Thermal power

The Power Generation business unit has brought on-stream the two tranches of the CyCoFos plant at Fos-sur-Mer. The 424 MW combined cycle gas plant was commissioned in September 2009, and a 62 MW steelworks gas recovery plant in December 2009.

The 424 MW CombiGolfe (at Fos-sur-Mer) and 435 MW SPEM (at Montoir-de-Bretagne) combined-cycle plants have been built and commissioning tests were carried out at the end of the year with the plants due to go on-stream mid-2010.

The CombiGolfe plant was synchronized to the network at the end of the year.

An operating license has been obtained for a second 400 MW tranche at the CombiGolfe site (engineering study underway).

The 788 MW DK6 plant (at Dunkirk), despite an incident that affected one of its gas turbine compressors for a month (fractured vanes) has demonstrated excellent availability and has broken production records since it was commissioned in 2005.

The advanced power plant at Ploufragan was discontinued due to the Government's lack of response to the request for a public enquiry. It will not be able to be reactivated unless the economic conditions and project schedule are revised.

Hydroelectric power

At the end of May 2009, CNR[1], via its subsidiary CN'Air, acquired three small hydroelectricity plants in the Maurienne Valley (Savoie) near Épierre with a total output of 6 MW. They will be overhauled in the next few years to increase their power and maximize their production.

CN'Air also successfully bid for a 32-year lease to operate the Cheylard dam in the Ardèche (2.7 MW).

Organizationally, 2009 saw the progressive implementation of synergies in GDF SUEZ's Hydraulic division with CNR and SHEM brought under joint management and SHEM's dispatching department relocating to CNR's premises in Lyon.

Hydro production was 14.8 TWh, or 86% of average production, due to low water levels, in particular in October (the lowest since 1921).

Other renewable energy

GDF SUEZ (via its subsidiaries Maia Eolis, La Compagnie du Vent, Erelia, CN'Air, Eole Generation and Great) brought 139 MW of wind power capacity on stream in 2009.

At the end of 2009, GDF SUEZ had 602 MW installed capacity in onshore wind power (513 MW Group share), making it the leader in wind power in France.

Some 334 MW is currently under construction. This includes the Hauts Pays (78 MW in Haute-Marne, developed by Erelia) and Germinon (75 MW in the Marne, developed by Eole Generation) facilities, which are among the largest wind farms in France.

(1) CNR: Compagnie Nationale du Rhône.

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GDF SUEZ is also conducting preliminary studies in offshore wind parks via its subsidiary La Compagnie du Vent whose offshore wind park project named Projet des Deux Côtes, off the coast of the Somme and Seine-Maritime districts, foresees 141 turbines outputting a total 705 MW.

The Group also has a large portfolio of photovoltaic projects (close to 300 MWc) sited on open land and on large roof structures.

Among its ground-level projects, some 250 MWc are being studied and four of them have obtained construction permits for a total of 44 MWc, the largest being at Curbans (33 MWc in the Alpes de Haute Provence) where site construction began in February 2010.

In terms of actual production, the first half of 2009 recorded particularly low winds. Annual wind-park power generation totaled 870 GWh (accounting consolidation method).

Nuclear power

In France, GDF SUEZ holds 1,108 MW drawing rights in the EDF Chooz B and Tricastin plants.

2.1.1.7 Energy management BU

The mission of the Energy Management business unit is:

- to optimize and maximize the value of the electricity assets portfolio;
- to supply and transmit energy to the marketing BUs at the best possible price and with the needed flexibility and up to end-customer point-of-use for electricity, gas and environmental products (green certificates, CO_2 credits, etc.);
- to achieve portfolio management synergies among the Energy France business line and the Group's other business lines by capitalizing on the natural risk reduction in all activities (upstream-downstream integration, complementarily between production facilities).

At the end of 2009 the Energy France business line had a highly diversified electricity portfolio consisting of complementary technologies: nuclear drawing rights, two combined-cycle gas plants in operation and two others under construction, and advanced run-of-river and cutting-edge hydro facilities (CNR and SHEM). In 2009, the BU regularly traded assets between the Group's various portfolio management entities (CNR, Trading and Portfolio Management Europe), buying and selling energy to limit the need to deal on the wholesale market, thus securing the business line's EBITDA.

With the Global Gas & LNG business line, this BU manages natural gas supplies to its combined-cycle plants and for the Energy France sales and marketing BUs. It is also responsible for managing shipping over the gas transmission network within the perimeter of the business line and for hedging the Energy France business line's gas-market risks.

Operationally, the Energy Management BU's ambition is to support, via a structured and adequate risk framework:

- sellers, by providing them with competitive sourcing;
- an increasingly broad and diversified production asset base.

2.1.1.8 Provalys energy performance BU

The Provalys Energy Performance business unit sells natural gas, electricity and related services to French industrial customers, the private and public service sector, collective housing associations and communities.

As of December 31, 2009, it managed a portfolio of 264,000 gas sites and more than 117,000 electricity sites, representing some 55,000 customers.

Its total natural gas sales in 2009 were 135 TWh, compared to 147 TWh in 2008. The decline in sales in 2009 (down 8% including the impact of weather or 6% in weather-adjusted figures) is due to the combination of hot weather and a market in recession due to adverse economic conditions as well as the loss of customers to other operators.

The BU aims to:

- sustain its natural gas sales volumes;
- continue developing its portfolio of electricity customers;
- support its customers in managing energy consumption through innovative offers, thereby maintaining its market share by building customer loyalty;
- guarantee profit levels in line with Group expectations.

It aims to steer its customers towards a comprehensive approach to energy, combining business performance and respect for the environment.

It relies on a portfolio of recognized brands, including Gaz de France Provalys, underpinned by two values: Customer recognition (relevance, performance, proximity) and responsibility (sustainable relations and support for better energy management), as well as a range of innovative offers, in particular its AlpEnergie electricity offers, which provide access to renewable electricity supplies from GDF SUEZ's hydro resources.

It has reinforced its portfolio of service offers to regional authorities by creating the joint-venture Energy Communes Conseil and by repositioning the GDF SUEZ Énergies Communes brand "an alliance for quality of life in the regions", which targets elected officials and regional public servants. It has also reinforced its commitment to sustainable development by providing photovoltaic and other solar solutions to all its customers.

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2.1.1.9 Household and business customers BU

The Household and Business Customers business unit markets natural gas, electricity and related services to households and small and medium enterprises in France.

To operate in its markets, the BU relies on:

- two recognized brands:
  - Gaz de France DolceVita in the household market,
  - Gaz de France Provalys in the small and medium enterprises market.
- a range of energy and service offers associated with a range of consulting services and eco-efficient solutions;
- a diversified mix of customer relations and sales channels with internal as well as outsourced call centers, plus its own website (www.gazdefrance.fr) and the websites of its partners (industry network, large players in the banking or distribution sector);
- a store of skills and a strong commitment to corporate citizenship (Corporate Social Responsibility initiative, "sustainable development" commitments, support for its most vulnerable customers, etc.)

The BU's ambition is to become the energy provider chosen by its customers, because of its service quality, the performance of its offers, and its capacity to advise and propose customized solutions.

The BU's 2009 highlights

- **A solid retail gas market in an economic recession.**
  In an economic climate strongly impacted by the crisis, the retail market played a full role in securing volumes upstream in the gas chain ensuring steady supplies of some 139 TWh of natural gas in 2009. This stability in the supply chain was reinforced by the BU's strong competitive positions in its traditional gas market with a net slowdown in the number of customers gained by competitors (less than 250,000 customers in 2009).
- **A sustained rhythm of power market share gains.**
  The BU continued its fast pace in winning electricity contracts in its gas customer portfolio – an essential lever in the strategy to cement loyalty among retail natural gas customers – and strengthened GDF SUEZ's position as the main electricity competitor.
  Thus, despite adverse market conditions in France due to low regulated electricity prices which blocked access to competitive sourcing, some 350,000 new customers chose GDF SUEZ for their electricity supply. Two and a half years after the markets were opened up, its electricity contract portfolio now has more than 808,000 household and small and medium enterprises customers.
- **Customer satisfaction consolidated in 2009 in the household segment and clearly increasing in the small and medium enterprises segment.**
  Customer satisfaction among households increased in 2009 to near the levels seen before the markets were first opened up in 2007. This positive change was also evident and even stronger among small and medium enterprises, the business market having opened up to competition in 2004.
  The progress in service quality was reflected by its website www.gazdefrance.fr winning the Qualiweb best on-line customer relations accolade in the water-energy category. This result shows the growing power of the internet as a sales and marketing channel for the BU and reinforces the leadership ambitions that the business unit is pursuing through the web.
- **A sales positioning centered on customer-focused energy expertise strongly reinforcing its energy efficiency credentials.**
  The year 2009 was marked by a significant expansion of the range, with advisory and support solutions based on energy efficiency such as energy-saving portals, online practical guides and -M@ simulations of future installations, online energy-saving help sites such as "la maison de Zoé", and the launch of photovoltaic and boiler offers. This positioning also made a major contribution to meeting the Group's regulatory obligations in terms of collecting Energy-Saving Certificates over the last three years.
- **A commitment to corporate citizenship reflected in an active policy to support its most vulnerable customers and the award in 2009 of the Corporate Social Responsibility (CSR) label in the Contractor category.**
  Apart from its energy-efficiency actions, the BU continued its support policy and initiatives to reduce fuel poverty mainly through its network of support contacts, providing dedicated telephone numbers, and by developing partnerships with the various social services (some 200 Welcome and Orientation Partnership contact points available). Similarly, in addition to the call center certification it obtained in 2008, the BU has just been awarded CSR certification in the contractor category. This label, awarded by the Corporate Social Responsibility Association, attests to the quality of our relationships with our Customer Relations Center service providers.
  Lastly, an in-depth transformation of the customer relations function was launched in the fourth quarter. This project, based on a desire to achieve excellence in customer relations and a new managerial and social drive by the BU, will see a greater geographical concentration of the call center network.

2.1.1.10 Household services BU

The mission of the Household Services business unit is to develop energy efficiency solutions for residential customers in their homes, combining renewable energy and better home insulation. This business unit is a growth driver for GDF SUEZ, as it is active in added-value services to private individuals, which generate revenues and margins.

Its aims to meet the objectives of the *Grenelle de l'Environnement* while creating value and synergies among its various activities.

It has a three activities:

- maintenance of efficient energy systems (Savelys);
- design and installation of systems based on renewable energy, via the eco-comfort line (consisting of six subsidiaries);
- financing of eco-efficiency projects (Banque Solfea).

Savelys

In France, Savelys is active in energy system maintenance for residential homes (individual and collective). Its activities include both contractual maintenance of fuel oil, gas boilers and heat pumps as well as all types of heating system repair and replacement.

Savelys and its 16 subsidiaries are present across France, with over 250 agencies, which makes them the market leader (over 1,500,000 boilers under contract) with approximately 30% market share[1] and number two in Europe after Centrica (British Gas).

Its portfolio at December 31, 2009 was as follows:

- 47% individual customers;
- 46% collective customers (private or public);
- 7% collective heating (public or private).

In December 2009, Savelys bought Poweo's services business. This business includes five companies based in Toulouse, Saint-Nazaire and Ile-de-France with 72 employees and a portfolio of 15,000 contracts.

Eco-Comfort

Customer demand and stricter regulatory restrictions have seen the Energy France business line voluntarily commit to energy efficiency and renewable energy for households (which it calls "eco-comfort").

This growing market gives the Energy France business line the opportunity to move from a consulting role to a new business that consists of consulting, selling, installing, maintaining, financing and providing renewable energy-based solutions.

In 2008, GDF SUEZ acquired five companies specialized in home eco-comfort (Energia Group, ABM Energie Conseil, Coraver, Geoclim and Clipsol), representing €60 million in revenues and 600 employees, which were grouped under the holding company CLIMASAVE, specifically created for this type of investment.

This new position in the retail market gives GDF SUEZ richer customer relations, brands and offers.

Banque Solfea

In 2009, Banque Solfea confirmed its position as leader in financing eco-efficiency solutions for households by signing in February the "Building Plan" charter of the *Grenelle de l'Environnement* to issue eco-loans at zero interest rates. In the same month it launched its "Photovoltaic Loans". These two products were quickly successful and at the end of November accounted for close to 30% of total private loans issued in 2009.

More than 9,000 private customers applied to Banque Solfea to finance eco-efficiency projects with an average budget of over €20,000.

Working on a low-risk economic model, Banque Solfea places no restrictions on its credit offer and thus holds some 20% of market share.

The Standard & Poor's rating agency confirmed its "A - Positive long-term outlook" rating and "A1 short term" rating of Banque Solfea's capacity to issue €900 million worth of loans.

2.1.1.11 Regulatory framework

Risks related to administrative rates

Some of GDF SUEZ's energy and service sales are conducted under pricing that is subject to specific French laws and regulations, European legislations, and the decisions of regulatory bodies (in particular the Energy Regulation Commission for rates to access some infrastructures) which may affect revenue, profits or the profitability of GDF SUEZ's sales and marketing activities in France due to supply and other natural gas costs not being able to be fully reflected in selling prices.

If, as a result, the Group cannot satisfy the principles it sets out in its price reviews it runs the risk of not being able to pass on, or to pass on only partially:

- the cost of its natural gas supply if oil product prices and/or the dollar/euro exchange rate change;
- non-supply costs related to changes in transmission infrastructure and storage prices and commercial expenses.

Sale price of natural gas

GDF SUEZ sells natural gas on a two-price system:

- administrative rates for customers who have not opted to select their natural gas provider;
- negotiated prices for eligible customers who have opted to select their natural gas provider and who have left the administrative rate system.

(1) *Source: Synasav (Confederation of national maintenance and after-sales services).*

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Administrative rates

There are two types of administrative rates:

- public distribution rates for customers who use less than 5 GWh per year and are connected to the distribution network;
- subscription rates for customers who use more than 5 GWh per year and are connected to the distribution network or directly to the transmission network.

The overall pricing structure is fixed in France by the Law of January 3, 2003 and the Decree of December 18, 2009, which together regulate the rate of natural gas fuel sold via the transmission and distribution networks. These provisions state that prices must cover corresponding costs. The decree clarifies the roles of government and the French Energy Regulatory Commission (CRE). Once a year, the government publishes a decree, after taking advice from the CRE, setting out the changes in non-material costs and the formula representing the change in supply costs. In the interval between any two governmental decrees, GDF SUEZ, after review by and advice from the CRE, can pass on changes in supply costs resulting from the implementation of the pricing formula.

From 2010, the 2010-2013 public service contract (see details in 7.3.1) defines the rating change framework for the given period taking into account the following principles:

- changes in supply cost is taken into account each quarter, based on the prices of oil products (domestic fuel and heavy fuel in Rotterdam, Brent) and the dollar/euro exchange rate over the six month period ending one month before the price revision date;
- changes in non-supply costs (including a reasonable profit margin for this type of activity) are calculated based on the necessary costs in supplying natural gas to public distribution customers.

Public distribution rates

Public distribution rates apply to approximately 9.8 million customers. There are currently six main categories of public distribution rates: four for residential use or small shared boiler rooms, as well as two seasonally adjusted rates (gas prices being higher in winter than in summer) for medium and large shared boiler rooms. The B1 rate (and similar) applies to individual heating, cooking and hot water for domestic purposes. This applies to the majority of customers, approximately 6.4 million as of December 31, 2009.

Change in public distribution rates

The government did not want to raise rates during the winter of 2008-2009 while the drop in oil prices had not impacted supply costs enough to offset the rise in oil prices in the preceding period. Only one pricing decree was published in 2009, that of March 20, 2009, reducing administrative rates of natural gas in the public distribution network by €0.00528/KWh or an average 11.3% on April 1, 2009. The CRE issued advice in favor.

The rate change on April 1, 2009 allowed the Group to cover its costs from that date, which its gas tariffs had not permitted it to do during 2008 or in the first quarter of 2009. Revenue and profit for year 2009 remains penalized by €177 million as of end December due to not being able to pass on all its costs over the year as a whole (natural gas supply and other costs).

Pursuant to the new procedure, as defined by the Decree of December 18, 2009 and the Order of December 21, 2009, the natural gas public distribution rates have increased on average by 9.7%, in April 2010.

Subscription rates

As of December 31, 2009, subscription rates applied to some 1,150 customers. These rates change quarterly, as proposed by GDF SUEZ after advice from the CRE and taking into account any change in the dollar/euro exchange rate and the price of a basket of oil products. The rate paid by any particular customer depends on consumption volume and maximum daily flow, as well as the distance between the primary transmission system and the point of delivery (for customers connected to the transmission network) or between the transmission network and distribution network to which the customer is connected.

Subscription rates changed during 2009 in line with changes in supply costs, which were marked by two sharp falls followed by two more moderate increases. On January 1, 2009, the pricing structure and rates levels were updated to reflect infrastructure costs and marketing costs.

Formula representing supply costs

In 2008, GDF SUEZ updated the formula representing the supply cost for administrative rates.

In its December 22, 2008 opinion, the CRE confirmed that the formula provides a fair approximation of GDF SUEZ supply costs. The CRE thus validated its relevance and the change proposed by the Company.

2.1.2 ENERGY EUROPE & INTERNATIONAL

2.1.2.1 Mission

GDF SUEZ Energy Europe and International Business Line (GSEEI) is responsible for the Group's energy activities and services all around the world excluding France. Electricity and natural gas are the core businesses of GSEEI with activities in electricity production, trading, marketing and sales, and on the gas side, transport, distribution, marketing and sales, including LNG regasification terminals.

2.1.2.2 Business strategy & growth priorities

GSEEI business strategy is based on two approaches: System Operator and Asset developer/Operator.

As a system operator GSEEI creates value through integration of its gas, electricity, and/or service businesses in a limited number of markets where our positions are already well developed and where integration is possible considering the regulation/market structure (Benelux & Germany, Italy, Romania, Hungary, Poland, US & Mexico, Brazil, Chile, Peru, Thailand, Singapore). This is a long term play, where the competitive advantages are based on industrial synergies, economies of scale, portfolio management, trading, marketing & sales capabilities, as well as credibility and reputation.

As an asset developer/operator GSEEI creates value through the development of greenfield projects and the acquisitions of existing assets in selected markets meeting our investment criteria. The key success factors are strong market analysis and business development capabilities, flexibility and speed of action to take advantage of market opportunities. This approach can be used to enter markets (UK, Spain, Portugal, Greece, Colombia, Panama/Central America, GCC, Turkey, Vietnam, Indonesia, India, Australia, South Africa), to develop existing positions into system plays or to optimize an existing system (portfolio management).

The main strategy guidelines can be summarized as following:

- balanced portfolio in terms of asset geographic location, fuel/activity mix and contractual/regulatory environments;
- priority to markets with high growth of energy demand and/or high value creation potential from industrial synergies (system operator);
- management of exposure and volatility through active portfolio management and trading in order to optimize risk-return.

2.1.2.3 Organizational structure

The business line is organized around a matrix structure of five geographical business areas which interact with six support functions at the headquarters in Brussels. Both the support functions and each of the business areas report directly to the CEO.

The five business areas are the following: Benelux & Germany, Europe (excluding Benelux, Germany and France), Latin America, North America and Middle East - Asia - Africa, with respective headquarters in Brussels, Paris, Florianopolis (Brazil), Houston (US) and Bangkok (Thailand). Each business area is headed by a regional manager who is responsible for the financial performance of the operational activities, and proposes strategic orientations and new development actions.

The business areas are coordinated by a 'lean' corporate structure at the Energy Europe & International Business Line's headquarters in Brussels, organized in six functional clusters: Strategy; Finance; Human Ressources, Communications and Legal; Business Development Oversight; Markets & Sales; and Operations. The functional support managers and their teams provide guidance, common methodologies and procedures, suggestions for improvements, effective transfer of knowledge & experience across the organization, as well as supervision.

This matrix organization provides the local teams with both flexibility and responsibility to run and develop their businesses, while the support teams ensure direction and consistency, and help optimize synergies across the business areas and the Group as a whole.

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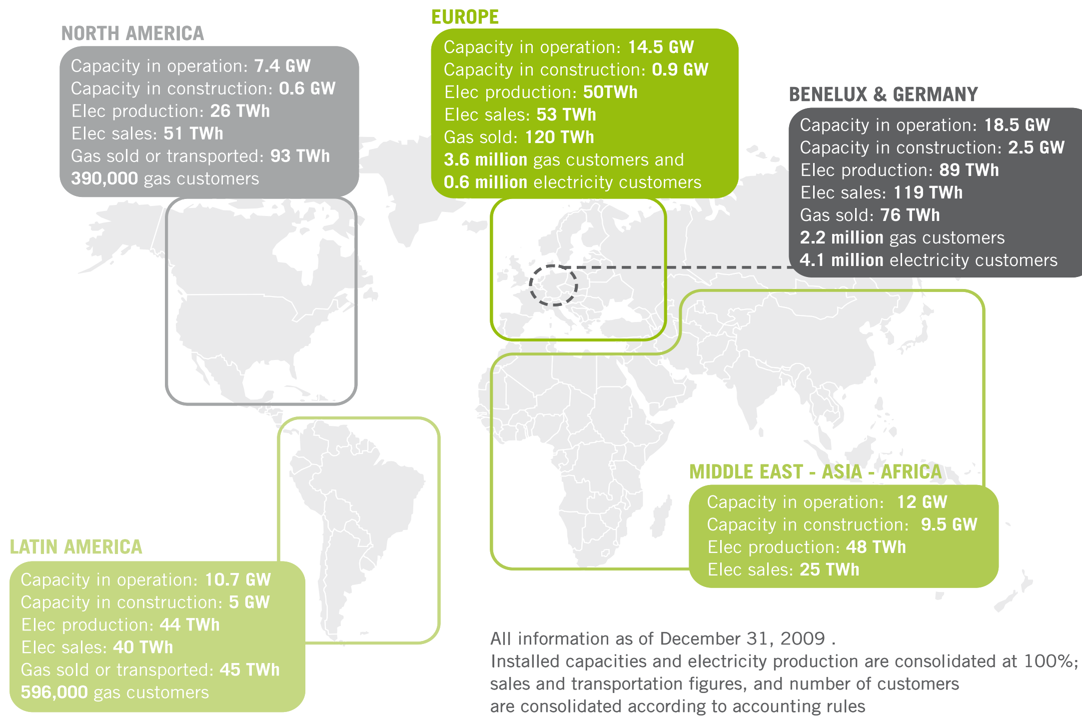
GDF SUEZ Energy Europe & International Map of Operations



All information as of December 31, 2009 .
Installed capacities and electricity production are consolidated at 100%; sales and transportation figures, and number of customers are consolidated according to accounting rules

Energy trading and optimization (portfolio management and trading)

GDF SUEZ Energy Europe & International business line is a frontrunner in energy trading in Europe. The business related to the energy markets in Europe is conducted by Trading and Portfolio Management Europe (TPM Europe).

TPM Europe connects the wholesale energy markets with the assets. The scope of the related trading activity is set by the asset portfolio and risk management needs. The close cooperation between portfolio management and trading as defined by the business model reflects the strong need for real time market information and access to manage the important asset and sales positions in Europe

During the last twelve years TPM Europe has been a leader in the development of European energy markets, today playing a key role in its core markets of Central Western Europe power, gas, coal and emission allowances while driving the development of less liquid power and gas markets in Eastern, Southern and South Eastern Europe.

Thanks to its experience and scope, TPM Europe can offer products and services by combining the physical supply of electricity and natural gas and financial instruments. It optimizes its global energy margin on markets (fuel purchases, optimization of electricity produced, and providing sales).

The portfolio teams of TPM Europe manage the commodity price risk linked to the power generation, gas and coal procurement and sales. Given the growing liquidity and convergence of European energy markets and the sizeable positions of BEEI in Europe, this is a key activity to protect and enhance the profitability of the BEEI core business, while respecting a state of the art risk framework.

Over 2009, TPM Europe has optimized net flows of 119 TWh of power, 166 TWh of gas, 3 million tons of coal and 1 million tons biomass in Benelux and Germany, while expanding its activities in the rest of Europe.

The GDF SUEZ Energy Europe & International business line is also actively promoting better electricity market integration in Western Europe. As an active participant in these markets, it supports initiatives from the authorities and markets concerned. Since the end of 2006, Powernext (France), Belpex (Belgium) and APX (The Netherlands) have worked concurrently, and these three markets' hourly rates converge more than 56% of the time, while at least 2 markets have the same price during more than 98% of the time. The Energy Europe International business line welcomes the provided extension to Germany's EEX market by mid 2010. The business line also appeals to further improve the temporary cross-border intraday systems between the mentioned markets with a continuous trading platform as this is the target model proposed by the Florence Forum.

TPM Europe Presence in Energy Markets

Power

With first day experience in the liberalized European power markets, TPM Europe today has access to almost all European Power Exchanges (Spot and Futures), OTC-based power trading, cross-border capacity and structured products like virtual power plants.

Backed by strong risk management capabilities and extensive physical generation capacity, TPM Europe provides GDF SUEZ Customers with tailor-made solutions.

Natural Gas

Backed by an extensive gas-fired generation fleet and a strong gas customer base, TPM Europe is active on the main Natural Gas trading hubs and Exchanges throughout Europe and participates on Emerging gas hubs. It also covers Natural Gas transportation (physical and virtual), storage (physical and virtual) and Options markets, giving access to a wide range of instruments allowing optimizing power plants flexibility needs.

Currently, a substantial share of the European Natural Gas market is still linked to Oil and Oil Products (Brent / WTI, Oil Baskets, Heavy Fractions, Light-Ends and Distillates) through indexation mechanisms. Consequently, TPM Europe operates a fully-fledged Global Oil Desk giving portfolio management access to an extensive product range.

Green Products and Emission Allowances

TPM Europe was one of the early movers to offer a wide range of products and services in the environmental and renewable energy markets.

TPM Europe assists retailers, producers and traders in optimizing their environmental needs, risks and opportunities while arbitraging EUA and CER forward curves. The main focus is currently on the Dutch and Belgian Green Certificate markets, as well as on the European Emission Trading Scheme (ETS EUAs). TPM Europe is also investing resources in other local guarantees of origin markets and the Dutch NOx Trading Scheme.

Coal, Freight and Biomass Products

TPM Europe is active in the global physical and financial coal and freight markets. It deals in financial products on coal indexes such as API2, API4 and Newcastle, and also deals in FFAs (Forward Freight Agreements) on Dry Bulk Freight Indexes such as CS4TC and PM4TC.

TPM Europe is one of the prominent physical coal players on the ARA (Amsterdam Rotterdam Antwerp) and Richard's Bay (South Africa) coal marketplaces, where it actively contributes to the API2 and API4 indexes. TPM Europe sources and supplies physical coal and freight to the power stations in Belgium, The Netherlands and Germany.

It is the single largest buyer of industrial wood pellets in the world. It ships these products from various sources globally, to ARA, where they are transported and supplied to power stations in Belgium and The Netherlands.

Through its know-how in coal, freight and logistics, TPM Europe delivers coal and freight to various end-users and affiliate companies around the world.

Cross Commodity Products

To optimize and manage operational margins of gas and coal fired plants TPM Europe has developed a cross-commodity expertise being strongly present in the European Spark and Dark Spread landscape.

Risk Management & Governance

The TPM Europe activities are governed by several risk policies. Risk control teams are reporting to the CFO and are thus fully independent from the TPM Europe managerial line. On a daily basis, risk control monitors the performance and market risk of the trading portfolio. Compliance with market risk limits as defined in the trading risk policy is monitored on a daily basis. Market risk is generally assessed based on Value-at-Risk, complemented by volumetric limits, tenor limitations and stress tests.

A "new product approval" process has been designed and needs to be completed before engaging in any new product in the trading portfolio. The Risk Committee reviews on a regular basis the trading activities and any requests for new activities.

A credit risk policy defines the process for assessing the creditworthiness, setting credit limits and overall credit exposure monitoring. Risk control is responsible for assessing TPM Europe counterparts and setting the credit limits. TPM Europe is engaging in multiple actions for reducing credit risk, such as netting agreements, margining agreements, clearing, parent company guarantees, etc. The credit limits and exposure situation are systematically reviewed and ratified at each Risk Committee.

In the United States, the energy trading activities carried out by the companies of GDF SUEZ Energy North America (GSENA) involve integrated risk management related to the wholesale prices of staple products for the entire asset portfolio involved in electricity production, LNG, and retail electricity contracts of GSENA. GSENA manages its hedging activities in the United States through its affiliate GDF SUEZ Energy Marketing NA, its trading and porfolio management entity.

2.1.2.4 Key figures

Altogether, GSEEI activities represented nearly €28,350 million of revenues in 2009 for a total workforce of 33,058[(1)] people as of December 2009.

2008 pro forma figures, in millions of euros	2009	2008	Organic %
Revenues	28,350	30,485	-7.0%
EBITDA*	5,027	4,388	14.6%

* *Following the reorganization resulting from the Gaz de France and SUEZ merger, entities previously attached to the operational sector of Benelux-Germany were transferred to the Energy France sector.*

2.1.2.5 GDF SUEZ Energy Europe & International 2009 Highlights

July

- On July 20, a new structure was launched for the GDF SUEZ Energy Europe & International.

GDF SUEZ Energy Benelux & Germany

February

- Electrabel sold 250 MW of Belgian nuclear capacity to SPE through an increase of SPE's share in the units Doel 3 & 4 and Tihange 2 & 3. Moreover, SPE acquired 100 MW of capacity on the Belgian grid in exchange for its 100 MW participation in the Chooz nuclear power plant in France.

April

- Electrabel commissioned its first wind farm in Eems in the Netherlands, representing an investment of €30 million. The electricity generated by the nine 3 MW wind turbines will meet the needs of 22,000 households.

October

- GDF SUEZ entered into a global agreement with the Belgian government to extend the lifetime of the nuclear plants Doel 1, Doel 2 and Tihange 1 by 10 years.

November

- GDF SUEZ and E.ON finalized the generation capacity swap agreement agreed in July (Belgium/Germany).

GDF SUEZ Energy Europe

January

- The total halt of Russian gas supplies through the Ukraine left Central Europe without a major part of its provisions. In light of this unusual situation and to support the countries which were most affected, GDF SUEZ took steps to supply quantities of natural gas to the Central European countries where it is present with 4 million customers, as well as to the neighboring countries.

June

- A 50/50 joint venture between GDF SUEZ and GEK TERNA became shareholder of the two project companies that will run Heron I and II, two gas-fired power plants located in Viotia, 120 km north of Athens, Greece.

October

- A consortium of GDF SUEZ, Iberdrola, and Scottish and Southern Energy secured an option to purchase land in the UK for the development of a new nuclear power station at Sellafield on the Cumbrian Coast from the Nuclear Decommissioning Authority.

GDF SUEZ Energy North America

September

- GDF SUEZ signed an agreement to expand the production capacity of its Astoria power plant in the Queens Borough of New York City, United States.

December

- GDF SUEZ completed construction and achieved commercial operation at the 99 MW Caribou Wind Park, located 70 km northwest of Bathurst, New Brunswick, Canada.

GDF SUEZ Energy Latin America

February

- Tractebel Energia inaugurated the new 241 MW hydroelectric power plant at São Salvador, Brazil, representing a total investment of approximately €307 million.

July

- GDF SUEZ agreed the finance contract for the 3,450 MW Brazilian Jirau hydropower plant through its special purpose company Energia Sustentável do Brasil.

(1) Total number of employees of fully consolidated companies, proportionately consolidated companies accounted for under the equity method.

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September

- GDF SUEZ signed a cooperation agreement with Eletrobras and Eletronuclear, in the field of nuclear power in Brazil. The cooperation will be aimed primarily at the exchange of information and experience, in order to pursue the country's nuclear programme.

October 2009

- EnerSur inaugurated the third gas turbine of the ChilcaUno Power Plant in Peru. The new 194 MW-turbine, located 62 km south of the city of Lima, required an investment of $80 million and has the equivalent capacity to supply power to one and a half million people (Peru).

November

- GDF SUEZ and Codelco, the world's largest copper producer, announced the merger of all their electricity assets and gas transport activity in Chile through their subsidiary Edelnor.

GDF SUEZ Energy Middle East – Asia – Africa

July

- GDF SUEZ and Gulf Investment Corporation completed the limited recourse financing of the $2.1 billion Al Dur Independent Water and Power Producer project in Bahrain.

October

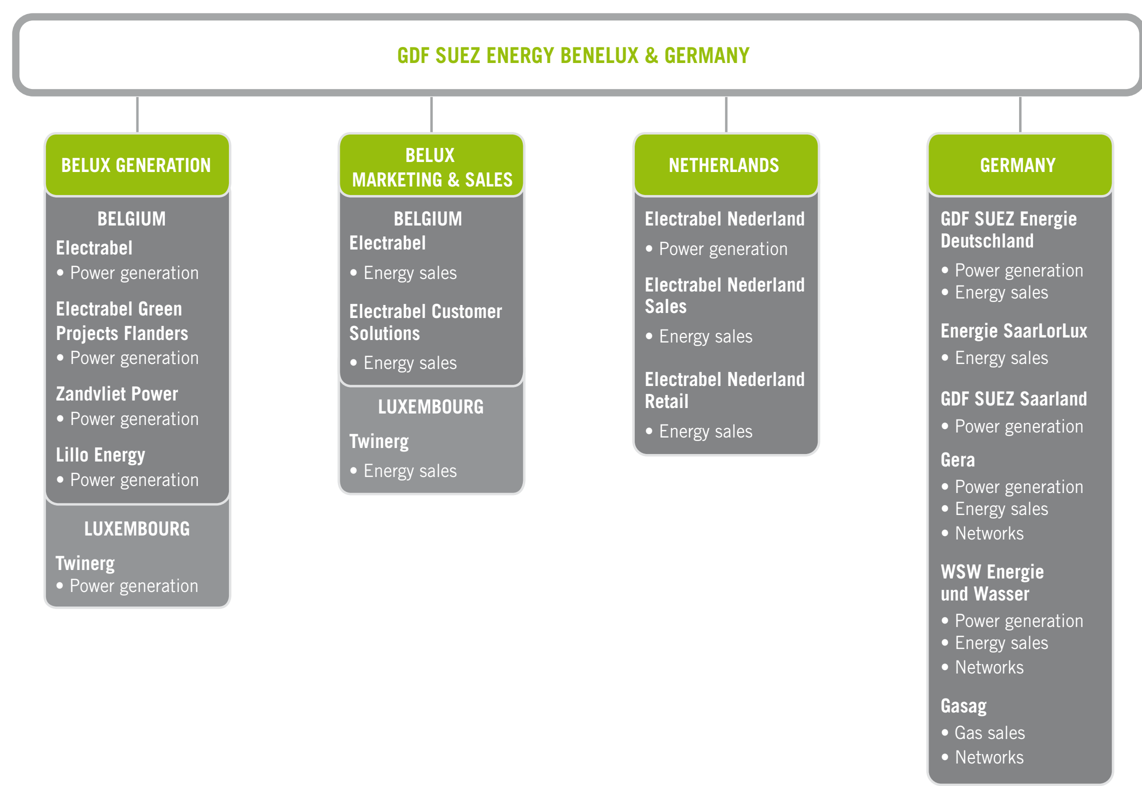
- GDF SUEZ, together with Abu Dhabi Water and Electricity Authority (ADWEA) and Marubeni Corporation, finalised a 22 year limited recourse debt financing deal of $2.7 billion for the Shuweihat S2 Independent Water and Power Producer project located in Abu Dhabi.
- GDF SUEZ marked the commercial operation of the first power and desalination units of the Marafiq Independent Water and Power Project - 2,750 MW power capacity and 800,000 m³/day seawater desalination facility in Saudi Arabia.

November

- Senoko Power, Singapore, concluded a SG$2.35 billion senior debt financing, which will be used to refinance the bridge loan facility that was used by shareholders to acquire Senoko Power from Temasek Holdings in September 2008.

2.1.2.6 GDF SUEZ Energy Benelux & Germany

The Energy Benelux and Germany business area is active in the areas of power and heat generation, and in trade and supply of power, natural gas and energy services. It is organized in 4 entities: two countries (the Netherlands and Germany) and two business segments in Belux (power generation and marketing & sales).



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In the Benelux, GDF SUEZ is developing, through its fully owned subsidiary Electrabel, a balanced strategy, aiming at consolidating its lead position in the power market, with a twofold focus:

- generate at competitive costs through excellence in operation, through appropriate initiatives aiming at optimizing the lifetime and load factor of its power plants and through the selection of the best possible sites and partners for new projects;
- a balanced sales portfolio in line with its generation capacity and focusing on value creation by offering integrated energy solutions to its customers.

In Germany its subsidiary GDF SUEZ Energie Deutschland is implementing a more offensive strategy aiming to build a profitable and sustainable position on the German market in power generation and in distribution and sales of electricity, gas and heat, in cooperation with German municipal utilities.

Belgium

In Belgium, GDF SUEZ's fully owned subsidiary Electrabel is the leading player in the power sector with a generation capacity of approximately 12,000 MW, including seven nuclear power units in Doel and Tihange, several thermal power plants (mainly gas fired), a wide range of renewable energy installations and the pumped storage facility in Coo (1,164 MW). Electrabel currently is commissioning a new 305 MW plant near Ghent to be fuelled by blast furnace gas from the adjacent steel plant of ArcelorMittal and different CHPs, biomass, wind and solar power plants, mainly in partnership with industrial customers.

Electrabel has on the one hand an important portfolio of large industrial customers, mainly for power supply but also for natural gas, heat and energy services, and is on the other hand active in the electricity and gas retail[1] market segments, with approximately 3.6 million electricity and 1.9 million gas customers.

As part of its commitment to sustainable development, Electrabel had launched in 2008 its plan "Together for less CO_2", with 10 concrete commitments aiming at reducing its own carbon foot print and helping its customers to reduce their energy consumption and carbon emissions. The company has pursued this policy in 2009, amongst others by developing numerous new wind, solar and biomass power plants and by promoting GreenPlus, a power product based on 100% Belgian renewable energy. In June 2009, 250,000 customers had chosen GreenPlus: Electrabel is now the leading supplier of "green power" in Belgium, and is also the most important "green producer" with a total installed non hydro capacity of 413 MW.

In October 2009, GDF SUEZ entered into a global agreement with the Belgian Government which marks a shared commitment to seeing the Group operate in Belgium in a stable and long-term framework. The main features of this agreement are:

- the Belgian government commits to review the legislation allowing an extension of the operational lifetime of the nuclear plants Doel 1, Doel 2 and Tihange 1 by 10 years (from 40 to 50 years);
- GDF SUEZ will from 2010 to 2014 yearly contribute between €215 and €245 million to the State budget, along with the other concerned nuclear producers;
- GDF SUEZ commits to launch a €500 million investment program in renewable energy, *via* Electrabel;
- GDF SUEZ will recruit over 10,000 staff and gradually create 500 permanent training positions in Belgium by 2015;
- GDF SUEZ will substantially invest in research, in particular in energy efficiency and carbon capture storage and will spend €5 million to support nuclear research institutes;
- GDF SUEZ commits to maintain a high level of activity in Belgium and in particular to retain its Energy Europe & International business line and Tractebel Engineering bases in Belgium.

Electrabel had signed in the autumn 2006 an agreement with the Belgian Government in order to mitigate its dominant position (the "Pax Electrica II") in the power sector. As part of this commitment Electrabel has sold in February 2009, 250 MW nuclear capacity to SPE through an increase of SPE's share in the units Doel 3 & 4 and Tihange 2 & 3. Moreover, SPE has acquired 100 MW additional nuclear capacity on the Belgian grid in exchange for 100 MW participation in the Chooz nuclear power plant in France. In the same context Electrabel has finalized in November 2009 a swap agreement with E.ON through which the latter acquired conventional power plants from Electrabel in Belgium with a total capacity of 941 MW as well as nuclear power offtake rights for 770 MW. At the same time the Group has acquired an equivalent capacity from E.ON in Germany, which contributes to its goal to build a significant position in Germany.

The Belgian power wholesale market is very open and the use of the interconnection capacity with France and the Netherlands is optimized in order to further enhance market liquidity and competition. The available interconnection capacity amounts to almost 40% of the domestic demand, which makes Belgium one of the most interconnected countries in the EU. The trilateral market coupling of the Belgian, French and Dutch spot markets has proven its ability to operate efficiently leading to converging prices in the three markets. The day ahead power market coupling will be extended to Germany and Luxembourg in 2010 and initiatives are taken to also set up a cross border intraday power market. Similar initiatives are taken in the gas sector. Electrabel is actively supporting this market integration development both at European and regional levels.

The involvement of Electrabel in grid activities in Belgium has been further reduced in 2009. The mixed intermunicipal Distribution System Operators (DSOs) have set up fully independent companies in each region to operate the electricity and gas distribution networks, and Electrabel now only holds a minority stake of maximum 30% in the DSOs. Its participation in the national electricity Transmission System Operator Elia was already reduced to below 25%, and in order to comply with new national legislation, the Group has also been obliged to reduce to below 25% by the end of 2009 its stake in the national gas Transport System Operator Fluxys. Despite the necessary initiatives, timely taken by the Group, it was impossible to conclude an agreement on that matter during 2009.

(1) Retail is defined in Europe as marketing and sales to residential and commercial customers.

As of March 23, 2010, the GDF SUEZ Group and Publigas reached an agreement on the transfer of the participation Electrabel SA holds in Fluxys (38.50%) for a total amount of 636 million euros. After this transaction, the participation of Publigas in Fluxys will be brought to 89,97%, while the Group GDF SUEZ will completely step out of the capital of this company.

The agreement also foresees the transfer of GDF SUEZ's participation in Fluxys LNG to Fluxys and the handing over of its participation in the Interconnector to a subsidiary of Fluxys. Finally, GDF SUEZ will be totally exempt of the guaranties accorded to Fluxys concerning transit in june 2008, when this last one acquired Distrigas & Co; Publigas will fully take up these guaranties.

On March 30, 2010, Elia, Publi-T and Electrabel, GDF SUEZ Group, negotiated an agreement regarding the modalities for the stepping out of the capital of Elia of Electrabel SA In this context the Group sells to Publi-T 12.5% of the shares of Elia for a total amount of nearly €160 million, the Group having confirmed again its intention to sell its remaining stake of 11.85% in Elia.

Details of these agreements with Publigas and Publi-T will be finalized in the near future allowing the management bodies of each one of the latter companies to ratify it in the coming weeks.

Germany

The Group is active in the energy sector in Germany via its subsidiary GDF SUEZ Energie Deutschland, which has also become the new brand name as from February 2009.

As a result of the swap agreement finalized with E.ON in November 2009, the Group has substantially increased its power generation capacity in Germany to about 2,128 MW by end 2009; the Group has indeed acquired via this agreement thermal power plants with a total net capacity of 860 MW and 132 MW of hydroelectric capacity, as well as nuclear power offtake rights for about 700 MW.

The Group has continued in 2009 the construction of its new 742 MW pulverized coal fired plant in Wilhelmshaven, which will be CO_2 capture ready. A large part of the civil works was already completed as of end 2009 which should allow to respect the planned commissioning date (2012). The company is also investing in the refurbishment of its power plant Römerbrücke in Saarbrücken. By end 2010, a new and more efficient steam turbine and a new 10 kV switching station will replace the old installations.

The Group has a limited but growing market share in the segment of large business customers for both electricity and gas, and is active in power, gas and heat distribution and retail supply through its participations in municipal utilities, in particular in in Energieversorgung Gera GmbH and Kraftwerke Gera GmbH, GASAG Berliner Gaswerke AG, Energie SaarLorLux AG and WSW Energie & Wasser AG. End 2008 the Group had acquired a 33.1% stake in WSW Energie & Wasser, and as a first major step in this partnership, WSW has taken a 15% stake in the Wilhelmshaven power plant. In August 2009 a joint subsidiary has been set up under the brand name "WSW 3/4/5 Energie", which is offering electricity, natural gas and energy related services to retail customers throughout North Rhine Westphalia.

Netherlands

In the Netherlands, GDF SUEZ is a major electricity generator through its subsidiary Electrabel Nederland, with a share of approximately 20% of the country's generating capacity. Its production is mainly sold via the wholesale market to industrial consumers and suppliers; as from February 2009 Electrabel is also supplying electricity and gas on the retail market under its own brand name, replacing the brands of the acquired companies Rendo Energy and Cogas Energy.

Electrabel Nederland is completing the construction of its new gas fired power plant in Flevo (870 MW), which will be operational in 2010 and has started in 2009 the construction of a new -736 MW coal/biomass fired power plant (which will be CO_2 capture and storage ready) near Rotterdam. Electrabel has also set up a joint venture with E.ON aiming at realising a large scale demonstration project for capture of CO_2 at E.ON's new coal fired power plant in Rotterdam. The project is designed to capture 1.1 million tons annually which will be transported by GDF SUEZ to a depleted gas field in the North Sea for final storage. This project has been selected for co-funding under the European Energy Programme for Recovery, and discussions are ongoing for additional funding at national level.

As of first half of 2010, the CO_2 emissions of Electrabel's conventional power plant in Gelderland (590 MW coal) will substantially decrease thanks to the construction of a new facility that allows to use up to 25% biomass in co-combustion with coal. The construction has started in January 2009 and the facility has started operation in March 2010. Electrabel Nederland has also intensified its efforts to invest in wind energy: the 1st project with 9 onshore windmills in Eems (27 MW) has been inaugurated in April 2009; an agreement concluded in May 2009 with a consultant should facilitate and accelerate the identification and development of other promising wind projects.

Electrabel is actively involved, either directly or indirectly via the national association VME[(1)], in discussions on regulation, and is systematically assessing the impact of changes in legislation and market structure on its business. Specific issues of concern which were discussed in 2009 are: new retail market model linked to the planned large scale roll-out of smart meters – congestion management and in particular the impact of priority dispatch for renewable energy on its conventional power plants – supranational integration of the wholesale electricity and gas markets – new balancing regime for gas – implementation of the climate change package and in particular the ambitious Dutch target for renewable energy.

The unbundling of the vertically integrated distribution and supply companies Nuon and Essent and the acquisition of their supply assets by respectively Vattenfall and RWE has also substantially changed the landscape, not only in the Netherlands but also in Belgium where both companies are competing with Electrabel on the retail market segments.

(1) Vereniging voor Marktwerking in Energie (VME).

Luxembourg

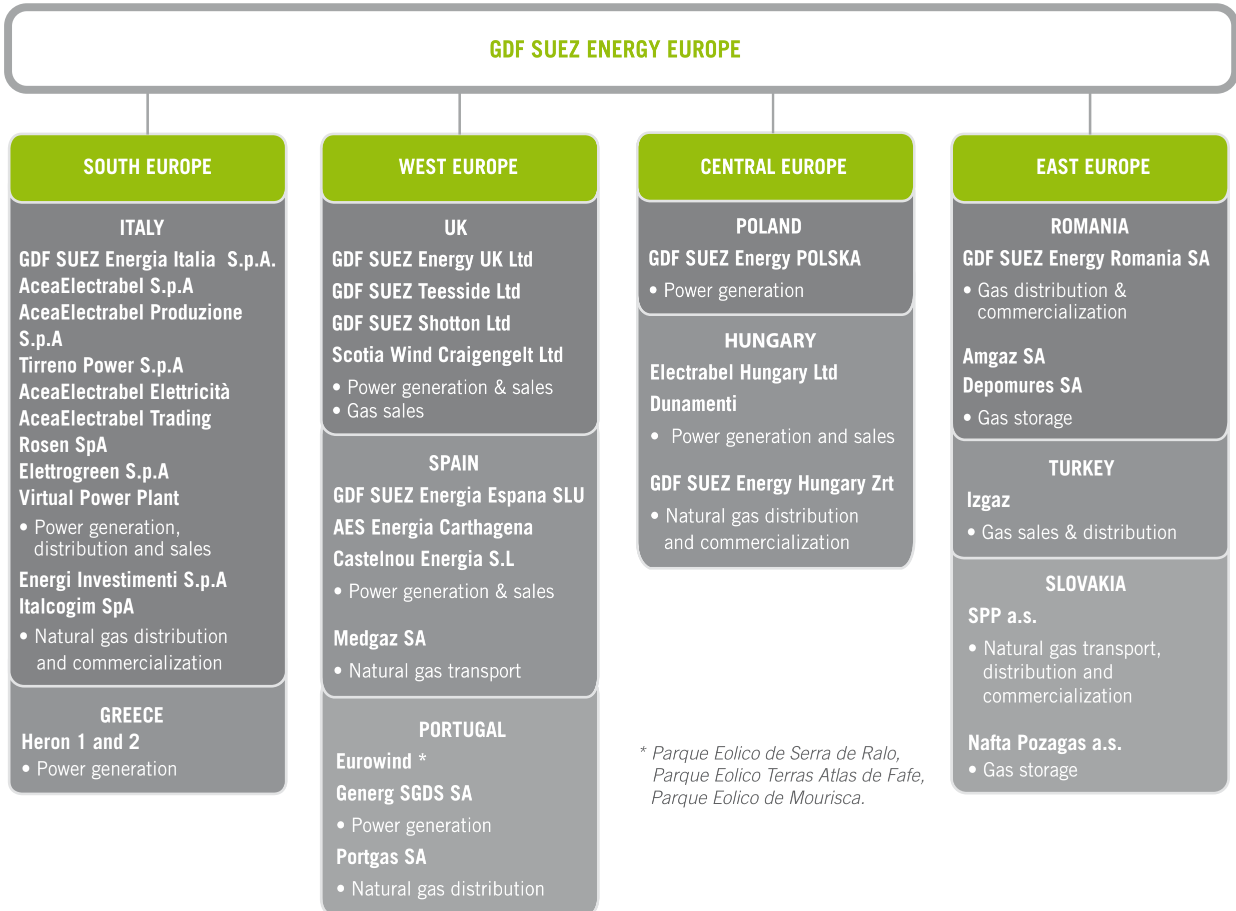
The Group is also a leading player in Luxembourg with the 376 MW gas power plant of Twinerg. Twinerg is at the present assessing the feasibility of connecting the urban heating network in the new district of Belval to the Esch-sur-Alzette power plant. The aim is to supply heat from this power plant as from mid 2010.

2.1.2.7 GDF SUEZ Energy Europe

The GDF SUEZ Energy Europe (GSEE) business area includes the Group's energy activities in Europe (outside France, Belgium, Netherlands, Luxembourg and Germany).

The Energy Europe Division's main businesses are energy production, commercialization and distribution. Its activities are divided into four geographic areas:

- South Europe: Italy and Greece;
- West Europe: UK, Spain and Portugal;
- Central Europe: Poland and Hungary;
- East Europe: Romania, Slovakia and Turkey.



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The business areas' strategy is aimed to combine growth and value creation. GSEE pursues two objectives:

- consolidate and reinforce its geographical positions where GSEE holds lead operating companies by increasing its local foothold and integration (Italy, Poland, Romania and UK). For other than the above countries in the area, GSEE is continuing an opportunistic development;
- capture green business opportunities.

South Europe

Italy

The main activities of GDF SUEZ in Italy are production and sales of electricity, and distribution and sales of natural gas. GDF SUEZ was ranked by AEEG[(1)] as:

- the third operator in the gas sales to final customers (excluding power generation consumption);
- the fifth operator in gas distribution;
- the fifth operator in power generation in terms of capacity[(2)].

Most electricity production and sales activities are led in partnership with ACEA, in which the Municipality of Rome holds a majority stake. Through this partnership:

- electricity production activities are conducted by:
  - AceaElectrabel Produzione Group (AEP): thermal, hydraulic, and wind power plants, with a total installed capacity of 1,520 MW,
  - Tirreno Power S.P.A.: 3 thermal power plants and 18 hydraulic power plants, with a total installed capacity of 3,280 MW;
- electricity retail activities are conducted by AceaElectrabel Elettricità (AEE). In 2009 AEE had some 0.6 electricity customers, mainly in Rome. AEE also owns stakes in four regional electricity companies;
- portfolio management and activities, as well as wholesale energy transactions, are conducted by AceaElectrabel Trading (AET).

Outside of the agreement with ACEA, GDF SUEZ owns:

- Rosen S.P.A, a 356 MW natural gas cogeneration plant in which Solvay owns a minority shareholding;
- majority stake in Elettrogreen, a trading company specialized in environmental commodities, including green and white certificates, and CO_2 quotas;
- 1100 MW of virtual electric production capacity (VPP) with ENI, based on the combined cycle natural gas model for a 20-year period. The capacity was contracted at end 2008, and the contract started on January 1st, 2009.

Distribution and sales of natural gas are another activity of GDF SUEZ in Italy, through Italcogim SpA for gas distribution 470 concessions over Italy representing a network of 15,127 km and through Italcogim Energie for sales of natural gas.

Greece

The Group is present in electricity production through a joint venture with TERNA (a Greek private power production, construction, real estate group) with Heron I and II (located in Viotia), both gas fired facilities. Heron I, the first private power plant in Greece, is a 150 MW open cycle gas fired plant and is in operation since 2004. Heron II, a 450 MW combined cycle gas fired power plant, is currently under construction and is scheduled to start commercial operation in 2010.

West Europe

United Kingdom

GDF SUEZ Energy UK produces electricity and sells energy to the industrial and service market segments. The main power plants are Teeside, a 1,875 MW facility, currently the most powerful combined-cycle power plant in Europe, and Shotton, a 210 MW combined cycle/cogeneration facility. Through Scotia Wind Craigengelt, acquired in late 2008, GDF SUEZ is currently building a 20 MW wind farm south-west of Stirling central Scotland, which is scheduled to start operation in 2010. In October 2009, a consortium of GDF SUEZ SA, Iberdrola SA and Scottish and Southern Energy Plc ("SSE") has been successful in securing an option to purchase land for the development of a new nuclear power station at Sellafield on the Cumbrian Coast from the Nuclear Decommissioning Authority ("NDA"). Project is currently in predevelopment stage.

Portugal

GDF SUEZ electricity activities in Portugal are focused on renewable energy. Through its wholly owned subsidiary Eurowind, the Group controls a total of 214 MW installed and operating wind capacity. The groups also holds a 42.5% stake in Generg, a group of companies with 436 MW wind and 33 MW hydroelectric power. Generg also has 240 MW in wind projects under development and 12 MWp of photovoltaic solar projects under construction.

GDF SUEZ has also natural gas distribution activities with a 25.4% stake in Portgãs which commercializes and distributes natural gas and propane in a concession in northern Portugal, and has more than 180,000 customers.

(1) Source: AEEG (national regulatory authority) 2009 annual report.

(2) With the following consolidation hypothesis: 100% AceaElectrabel Produzione, 100% VPP contract, 50% Tirreno Power.

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Spain

GDF SUEZ fully owns Castelnou Energia, a 758 MW combined-cycle natural gas facility, and holds a 26% stake in AES Energia Cartagena, a 1,200 MW combined-cycle plant. Under a tolling contract, the Group supplies the latter with natural gas, and receives in return the entire electric output generated by the plant. The energy of both power plants is sold to the wholesale market.

With 12.5% stake in Medgaz consortium the Group is active in the 8 bcm gas pipeline development project between Algeria and Spain.

Central Europe

Poland

The Group operates a coal/biomass cocombustion power plant in Polaniec of 1,654 MW. The plant has recently invested in a flue gas desulfurization (FGD) facility. In 2009, the Polaniec plant produced 6.7 TWh of electricity, of which 0.66 TWh is considered renewable from biomass.

The Group sells electricity to industrial customers and on the wholesale market. It is also active in energy related services, fuel trading, industrial cogeneration and energy outsourcing.

Hungary

In Hungary GDF SUEZ owns a majority stake in the Dunamenti power plant, which has a total electric capacity of 1,676 MW, and is fuelled mainly by natural gas. Dunamenti is one of Hungary's largest conventional electrical production site in terms of installed capacity, and is currently undergoing partial repowering of its facilities.

GDF SUEZ Energy Hungary also commercializes and distributes natural gas. On December 31, 2009, it supplied 785.601 customers in over 650 municipalities.

East Europe

Romania

GDF SUEZ Energy Romania Sa is in charge of natural gas commercialization and distribution. On December 31, 2009, the company supplied natural gas to 1,305,825 customers through its 14,740 kilometers of distribution network.

GDF SUEZ is present in natural gas storage, through Amgaz and Depomures.

Slovak Republic

SPP is an integrated company active in the international transit, purchase, transport, storage, distribution and sales of natural gas in Slovakia. Through a joint (50:50) subsidiary Slovak Gas Holding BV ("SGH"), GDF SUEZ and E.ON hold together a 49% stake in SPP. The Slovak State holds the remaining stake. GDF SUEZ and E.ON, have joint control of the company. The Eustream transit subsidiary has a total annual capacity of approximately 95 bcm. SPP Distribucia, a subsidiary of SPP, owns and operates the Slovak gas transport and distribution network. SPP is also active in natural gas sales, and counted 0.4 million residential customers at December 31, 2009.

SPP holds several participations in natural gas storage facilities in Slovakia and Czech republic through Nafta, SPP Bohemia and Pozagas.

Turkey

In January 2009, GDF SUEZ completed the acquisition of Izgaz, Turkey's third leading natural gas distributor according EMRA (energy market regulatory authority). Izgaz distributes and markets natural gas to some 167,000 residential, service and industrial customers in the Kocaeli region, 80 km east of Istanbul, with an average natural gas sales of 5TWh/year.

Regulatory environment

European Union legislation applies to all countries in which GSEE is active, except Turkey.

The EU core energy objectives are sustainability, competitiveness and security of supply. To achieve these, the EU has adopted in 2009 the so called Energy and Climate Packages, both to be implemented by EU Member States. The new EU ETS Directive, part of the Climate package, stipulates that by 2013 there will be full auctioning of the CO_2 allowances for the electricity sector. The text, however, provides a possible exception for 10 of the new Member States[1], according to which the power sector could receive some free allowances (up to 70% in 2013 to 0% in 2020), as long as the state is committed to the modernization of electricity generation power. This exception is not automatic, and subject to conditions.

Poland – privatization program

In the context of the current Privatization Program (2008-2011), Polish state owned electricity producers are being privatized. To facilitate the process, several changes to the legislation were made, among which: increase in the openness and transparency of the privatization process; authorization of the free transfer of stocks and shares owned by the Treasury to local government authorities; authorization of the sale of stocks/shares of companies by public auction; simplification privatization procedures; shortened length of privatization processes.

(1) Poland, Romania, Hungary, Malta, Cyprus, Bulgaria, Check republic, Latvia, Lithuania, Estonia.

Turkey

Natural gas supply and supply contract management is ensured by BOTAS, the national oil & gas transport company, while gas distribution falls within the ability of municipal authorities.

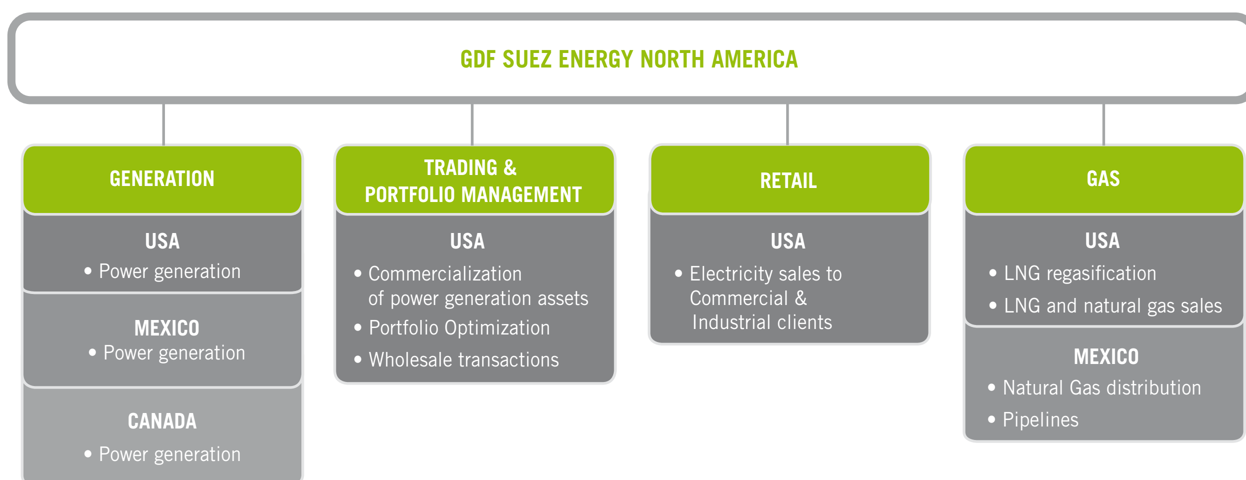
In May 2001 the Turkish Parliament has passed a law for the liberalization of the gas market. The law aims at ending the monopoly of BOTAS; and provides for the import and distribution of gas to private companies. Under the law, Botas should have been split into several entities by 2009; but the procedure was postponed and the deadline of 2009 has not been respected.

2.1.2.8 GDF SUEZ Energy North America

GDF SUEZ Energy North America (GSENA) manages all the Group's electricity and gas activities in the United States, Canada, and Mexico.

The various activities in which GSENA operates span an integrated value chain ranging from LNG importation and regasification, to wholesale and retail electricity sales to commercial and industrial customers.

GSENA is organized in 4 business entities corresponding to 4 segments of the energy value chain (power generation, trading/portfolio management, retail[1], and gas).



GDF SUEZ Energy North America owns and/or operates a total of 72 power, cogeneration, steam, and chilled-water facilities, including those in construction, representing a capacity of 7,966 MW of electricity generation, 2,769 tons of steam per hour, and 41,973 tons of chilled water per hour. Renewable fuels – wind, hydro, and biomass – power 26 of the facilities. The company's natural gas assets include an LNG receiving terminal in Everett, Massachusetts, which began operations in 1971 and currently serves most of the gas utilities in New England and key power producers, meeting approximately 20 per cent of New England's annual gas demand. In addition, through its Retail entity, GSENA currently serves commercial and industrial customers in 11 U.S. markets: Delaware, Texas, Massachusetts, Maine, Maryland, New York, New Jersey, Pennsylvania, Illinois, Connecticut, and Washington, D.C. Through this entity, the company serves 3,854 commercial & industrial customer accounts, having a peak load of over 8,000 MW.

The company's development strategy is focused on three pillars - power, gas, and retail. The company is focusing on developing low CO_2 emitting power resources (gas-fired and renewable), and availing itself of government incentives for renewable resources. The company is a major importer of LNG into the United States and is working to build on its Northeast gas stronghold through the addition of an offshore LNG import facility in Massachusetts Bay and by integrating domestic sources of natural gas. Finally, the company will continue its work to advance its retail power business, striving to become the supplier of choice and building linkages between its power, gas, and renewables businesses.

United States

The company is headquartered in Houston, Texas, and employs over 2,000 people. The company owns and operates the Everett terminal just north of Boston, MA, which has the capacity to deliver approximately 700 million cubic feet of natural gas per day into the New England market. The company also leases approximately 8 Bcf of natural gas storage, throughout the United States. The company owns and/or operates 65 electrical power plants and cogeneration, steam production, and cold-water units. The energy produced by these facilities is sold both in the open market and to distribution and industrial companies under long-term power purchase agreements. In 2008, through the acquisition of First Light, the company added more than 1500 MW of generation capacity, primarily pumped hydro storage and conventional hydro facilities, in Massachusetts and Connecticut. These facilities, when combined with the company's other New England assets, make GDF SUEZ Energy North America

(1) In North America retail defines as marketing and sales to industrial and commercial customers.

a premier energy provider in the region. The company operates the third largest biomass portfolio in North America, with 126 MW of biomass capacity. Additionally, the company has various low CO_2 emitting energy projects in development. GSENA's retail affiliate is active in 11 markets (Connecticut, Illinois, Delaware, Maryland, Maine, Massachusetts, New Jersey, New York, Pennsylvania, Texas, as well as Washington, DC), and is now ranked as the second largest retail electricity provider to commercial & industrial customers by the independent consulting firm KEMA.

The company is nearing completion of an offshore LNG receiving and delivery port located in Massachusetts Bay (Neptune LNG). This facility will be capable of providing up to 750 million cubic feet of natural gas per day and will supplement deliveries made to Everett, MA.

In February 2010, GDF SUEZ increased its ownership interest from 30.45% to 58.55% in the 575 MW Astoria Energy I natural gas-fired power plant located in the Queens Borough of New York City, making the company the largest shareholder in the facility. Earlier in 2009 GDF SUEZ signed an agreement for the power plant expansion through its investment in Astoria Energy II, a natural-gas fired power plant that will have the generating capacity of 575 MW. GDF SUEZ affiliates have a 30% partnership interest in Astoria Project Partners II, the limited liability company that owns Astoria Energy II. The project, currently under construction, is expected to be completed in 2011 and will provide electricity to the New York Power Authority under a 20-year PPA contract.

Mexico

In Mexico, the Group's gas activities include six natural gas distribution companies (Guadalajara, Querétaro, Tampico, Matamoros, Puebla, and Mexico Distrito Federal) and two pipeline companies (Mayacan, Bajio). In Mexico, the company also manages three steam-electricity cogeneration projects with a total installed capacity of 280 MW. Output from these power plants is sold, under long term contract to five major industrial clients as well as to Mexican authorities.

Canada

The company's Canadian operations are built around a central theme of clean generation starting with a wind power generation fleet of 207 MW located in eastern Canada, extending to a clean-burning natural gas plant in Windsor, Canada. In July 2009 GSENA inaugurated the expanded West Cape Wind Farm, a 55 turbine wind farm, capable of producing 99 MW of electricity to homes and businesses on Prince Edward Island. In November 2009 GDF SUEZ also completed construction and achieved commercial operation of Caribou Wind Park, a 99 MW facility, providing all of its power to New Brunswick, Canada, under a long term PPA. In Canada, GDF SUEZ also holds a stake in Gaz Metro, a regulated natural gas distribution company in Quebec, with interest in regional pipelines, and storage assets.

Regulatory Environment

While the business activities of GDF SUEZ Energy North America are subject to a wide array of regulations, the dominant market issues relate to electricity market structure and natural gas import, transport, and distribution regulations. In the United States, interstate wholesale electricity and natural gas markets are regulated by the Federal Energy Regulatory Commission (FERC). Since landmark federal energy legislation was enacted by the United States Congress in 1992, the Federal Energy Regulatory Commission has issued successive regulatory orders in the 1990s and during the 2000's to remove barriers to competition in wholesale electricity markets.

Today, over 60% of electricity consumed in the United States is delivered through one of the 10 Independent System Operators or Regional Transmission Operators that were created to facilitate electricity competition. Developments in the federal arena in 2009 included the passage and investment in the "American Recovery & Reinvestment Act", which provides economic stimulus for renewable energy projects. Decisions by FERC on several issues including development of Demand Response, SmartGrid, and clean energy technology provide evidence of its continued support of competitive markets.

US Congressional action on proposed cap and trade climate change legislation is not expected in 2010 following negative Congressional reaction to the Copenhagen Climate Conference and competing US legislative priorities. Somewhat more likely, but still uncertain in 2010, is action by the US Congress on energy legislation that will establish a national renewable portfolio standard and incentives to expand the electric grid to accommodate renewable energy projects. Financial reform legislation and regulations that could affect GSENA over-the-counter energy market transactions will be considered and are likely to be enacted in some form.

Retail electricity and natural gas sales to customers are regulated in the United States by each of the 50 states' public utility commissions (plus the utility commission in the District of Columbia). More than a dozen states have introduced retail electricity competition. None of the retail competitive markets moved back into re-regulation in 2009; however, in a couple of markets, including Connecticut and Maryland, re-regulation of retail market design was brought forward and subsequently defeated.

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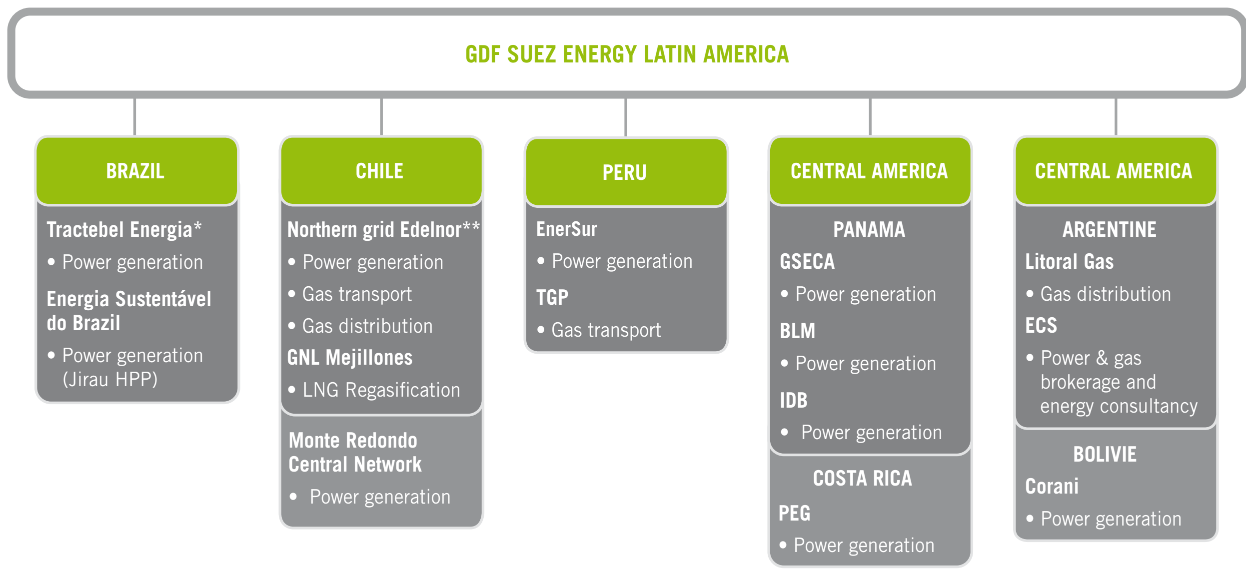
In Mexico, regulation of electricity and natural gas markets is the jurisdiction of the Comision Reguladora de Energia (Energy Regulatory Commission). The mission of the Comision Reguladora de Energia includes encouraging productive investment and promoting healthy competition in electricity, natural gas, and oil markets. Regulators and natural gas development companies in Mexico are working through issues related to the introduction of more natural gas to consumers as the market has been predominantly served by bottled liquefied propane gas.

2.1.2.9 GDF SUEZ Energy Latin America

GDF SUEZ Energy Latin America (GSELA) manages all the Group's gas and electric activities mainly in Brazil, Chile and Peru, and also in Panama, Costa Rica, Bolivia and Argentina.

GSELA is organized in five business entities: Brazil, Chile, Peru, Central America and Argentina.



* *The Board of Directors of TBLE on December 21st, 2009 approved the acquisition of the special purpose company that holds GDF SUEZ' stake in Estreito HPP.*

** *The operating companies Edelnor, Electroandina, CT Hornitos, CT Andina , Gasoducto Norandino, and Distrinor are in the process of being merged into Edelnor during 2010.*

GSELA strategy aims to sustain our growth in Latam markets by reinforcing our stronghold positions in a selection of key markets (Brazil, Chile, Peru), and use them as bridgehead for further development. Further options in power generation are pursued in other selected markets (Panama, Colombia, Central America). Natural gas activities are mainly related to our core power generation business and are currently being complemented with LNG.

GSELA pursues strong development in carbon free energy sources, mainly hydro, biomass and wind energy throughout the region.

Brazil

In Brazil, the existing power assets and the development of selected small/medium sized power plants are managed by Tractebel Energie (TBLE). The development of large projects is carried out by GDF SUEZ Energy Brazil.

GDF SUEZ owns 68.71% of Tractebel Energia, the country's largest independent electricity producer, which operates an installed capacity of 6,238 MW – in 16 power plants in operation, mainly hydro. This represents 6.7% of the Brazilian total installed power generation capacity. TBLE sells its electricity mainly through

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contracts entered into with distributors and industrial customers (bilateral agreements). TBLE generation complex includes 241 MW hydroelectric São Salvador, which entered into operation in 2009. Additionally, Tractebel Energia is presently building 2 plants – the Areia Branca small hydro plant, of 20 MW capacity; and a 33 MW sugar cane bagasse fuelled facility called Andrede, in partnership with the local sugar cane and ethanol producer.

Also under construction in Brazil is the 1,087 MW Estreito hydropower project, in which the Group holds 40.07%. The Group has already sold its stake of 256 MW assured energy in 30-year contracts starting in 2012. The plant is expected to start commercial operation by February 2011. The acquisition of the special purpose company that holds GDF SUEZ's stake in Estreito HPP was approved by the Board of Directors of TBLE on December 21, 2009.

In 2008, the GDF SUEZ Energy Brazil won the concession to build-own-operate the 3,300 MW greenfield hydropower project Jirau. The project is 50.1% owned by the Group and has signed 30-year PPAs with distributors for 70% of its 1,975 MW assured energy[(1)] production, with the price set through an auction. These contracts will start on January 2013, but the plant is scheduled to start commercial operation by April 2012. During the period from April 2012 to January 2013, and for the remaining 30% assured energy production beginning in 2013, GDF SUEZ will be able to sell its stake in the output in the free industrial market. The project is undergoing necessary regulatory approvals to increase its total capacity to 3,450 MW. The additional power will be sold to free industrial clients under different PPA contracts.

In July 2009, the Group signed a 7.2 billion Brazilian Reais (approximately €2.44 billion) finance contract with the Brazilian development bank BNDES and commercial banks to cover 2/3 of the total construction costs. The construction progress is according to schedule.

Peru

In Peru the Group owns 61.73% of EnerSur, which has an effective capacity of approximately 1,042 MW. In August 2009 EnerSur started operations of its third open cycle gas turbine in the ChilcaUno site. In 2009 EnerSur was the 2nd largest private generator[(2)], and third overall, with a market share of approximately 17.0% (in terms of energy production). In the last five years, EnerSur has contributed 52% of the total new capacity of the country.

Chile

In Chile, GDF SUEZ and Codelco, the world's largest copper producer, have announced the merger of all their electricity assets and gas transport activity in the SING (*Sistema Interconectado Norte Grande*) through their subsidiary Edelnor. GDF SUEZ will have a 52.4% controlling stake in Edelnor, Codelco will have 40% of the shares, and the remaining 7.6% will continue to be traded on the stock exchange. Under the terms of the merger, Electroandina, Edelnor, Gasoducto Nor Andino (Chile and Argentina), the new CTA and CTH coal power stations in Mejillones (150 MW each), will become subsidiaries of Edelnor. The merger process is expected to be concluded in the first half of 2010.

Following the merger, Edelnor will be the leader in electricity generation in Northern Chile. It will have an installed capacity of 1,729 MW (around 49% of the installed capacity of the system) in the Northern Chilean Electricity grid (SING), which will increase to 2,029 MW with the commissioning of the CTA and CTH power stations in 2010 and 2011.

GDF SUEZ also has a 50% stake in the Mejillones LNG terminal expected to come on-line at the beginning of 2010. This terminal will fuel approximately 20% of the total power generation needs of the SING, serving mostly industrial customers.

Presence in the SIC (*Sistema Interconectado Central*):

GDF SUEZ entered the SIC in December 2009 with two PPA contracts awarded in February and July 2009.

As of today, the company's two main projects are:

- Monte Redondo, 38 MW Wind, which became fully operational in December 2010;
- Laja 1 Hydropower Plant, a 37 MW run-of the river plant under construction, commercial operations expected for the second quarter of 2012.

Panama

Currently, GDF-Suez holds some 324 MW installed capacity and is the second largest player in the Panama Electricity Market[(3)] with about 22% of market share.

The groups owns the controlling 51% stake in a 241 MW Bahias Las Minas thermal generating complex, which it acquired in 2007 from Ashmore Group, and I.D.B Cativa 83 MW thermal plant. GSEEI also acquired a concession for the construction of 3 hydro-electric power plants, for a total of 115 MW, called Dos Mares. Construction works are currently in progress.

Costa Rica

In July-October 2008, GDF SUEZ entered Costa Rica through the acquisition of Econergy. The Group holds a 90% stake in the 49.5 MW Guanacaste wind farm which came into operation in Q3 2009.

(1) Assured Energy: Expected average production based on statistical analysis. The assured energy is guaranteed through a country wide hydro risk management and mutualization mechanism managed by the system operator.

(2) Source: COES-SINAC – Comité de Operación Económica del Sistema Interconectado Nacional.

(3) Own calculation based on CND (Centro Nacional de Despacho) data, all installed plate capacity.

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Bolivia

In Bolivia the Group owns 50% of Corani, which has an installed hydropower capacity of 147 MW and which was in 2008 the third largest electricity generator of the country with a market share of 16.4%[1]. The Group is currently in discussion with the authorities concerning the possible nationalization of the project.

Argentina

In Argentina the Group owns 64% of Litoral Gas SA (through Tibsa Inversora SA, 70% owned by the Group, which in turn has 91.66% of Litoral Gas), a gas distribution company with some 600,000 customers, and with a market share of 10.7%[2]. Also the Group owns 46.7% of ECS (Energy Consulting Services), an electricity and gas retail and consultancy company.

Regulatory environment

Brazil: a ruling was issued in 2001 on the privatization of the electricity sector; 80% of the production capacity remained the property of the State while the major part of the distribution segment was transferred to the private sector. From 2003 to 2005, the Brazilian government introduced a new regulatory model for the electricity market. In general, this model gives the federal government a larger role at all levels of the system (regulatory agency, network management and wholesale market). A pooling system was created to have a transparent framework for the signing of long-term contracts with distribution companies. The pool, which operates like a risk-sharing instrument among producers, is a mandatory supply channel for distribution companies. The model involves auctions (“leiloes”) held regularly by the government; concessions for the construction of new production capacity (especially hydro-electric) are awarded to those bidders prepared to offer the lowest rates. In practical terms, the auctions are held in several phases. Thus the distinction is made between “old” (existing capacity) and “new” (new developments and expansions of existing sites) energy, with the latter being awarded longer term contracts.

Private and public producers have participated actively in the new energy auctions, and the new system has proven to be an effective magnet to attract the investments needed for the growth of the country’s energy production.

In Chile, Peru and Panama the market is open but power plants are dispatched centrally according to marginal cost of production.

Peru: a significant portion of the country’s electrical production is still in the hands of the Government, which owns ElectroPeru, the country’s largest electric utility. Nonetheless, nearly all new investments in generation capacity are done by the private sector.

Chile: the regulatory system has been relatively stable since the 1982 reform, the year in which the electricity sector was fully privatized.

Panama: the state fully owns 12% of the total generation capacity, and keeps a 49% stake in all privatized assets. It also holds 100% of the transmission and 0% of the distribution assets.

Since August 2009, Distributors are expected to be contracted at 100% for the forthcoming year. Auctions are to be organized by ETESA, the state owned transmission company.

Costa Rica: vertically integrated State-owned/controlled Electricity Market, where ICE (Instituto Costarricense de Electricidad) acts as single Buyer. Current Regulatory Framework allows (i) private investment in renewable generation projects but capped at 50 MW/project, (ii) under Build – Own – Transfer scheme only and (iii) max. 15% of the country capacity through private generators (currently 10%). The regulatory framework also allows 20 year IPP projects below 20 MW.

(1) Source: National Dispatch Center.

(2) Source: Enargas, as at October 2009.

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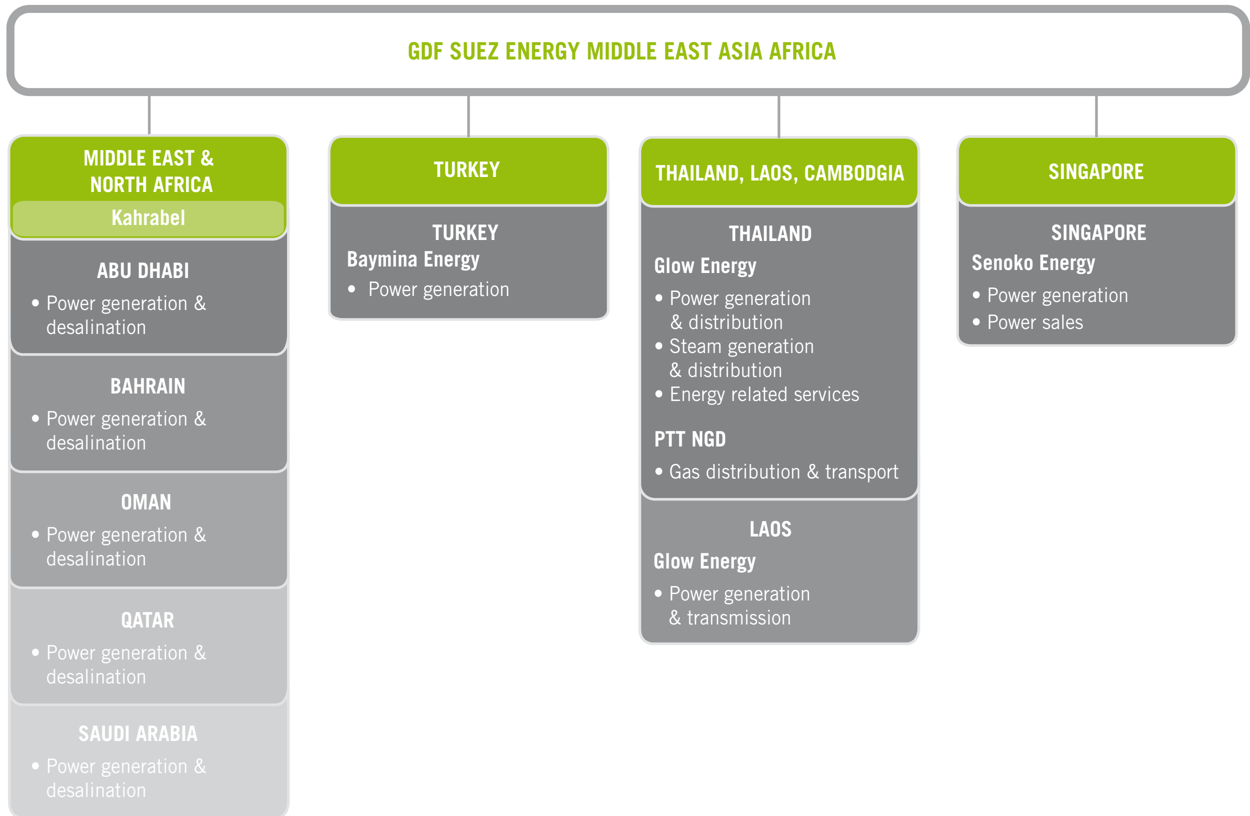
2.1.2.10 Energy Middle East, Asia and Africa

GDF SUEZ Energy Asia manages all of the Group's electricity, gas, and sea water desalinization activities in Asia, Africa and the Middle East.



GDF SUEZ Energy Middle East – Asia - Africa (GSEMEAA) primary objective is to provide substantial, robust and profitable growth to the Group, by being a leading developer and operator in a selection of the fastest growing energy markets in our region. In order to do so, GSEEI MEAA strategy consists of focusing on maintaining our strongholds (Thailand/Singapore/GCC) while developing new markets that are characterized by relatively low reserve margins, acceptable regulatory environment and attractive expected financial results.

Middle East

In the Middle-East, GDF SUEZ is one of the most experienced developers and operators of IWPPs with a total power generation capacity, in operation or under construction, of 13,636 MW at the end of 2009, and some 20.9 MWh of electricity produced in 2009.

GDF SUEZ has been ranked by MEED[1] as the #1 Independent Power Producer in the GCC in 2008[2] given the number and size of its investment in the region.

Facility	Total power capacity *(MW)*	Total water production *(MIGD)*	BEEI share *(%)*
Taweelah A1 & A10, UAE	1,592	84	20%
Sohar, Oman	585	33	45%
Al Ezzel, Bahrain	954	-	45%
Al Hidd, Bahrain	938	90	30%
Barka II, Oman	678	26.4	47.50%
Rusail, Oman	665	-	
Marafiq, KSA	2,750	176	20%
Ras Laffan C, Qatar	2,730	63	20%
Shuweihat II, UAE	1,510	100	20%
Al Dur, Bahrain	1,233	48	45%

GDF SUEZ in the Gulf Cooperation Council (GCC) countries acts mainly as an independent power producer, selling its production directly to public distribution companies under long term Power Purchasing Agreement (PPA).

In 2009 GDF SUEZ has regrouped its Middle East activities under the single operating entity Kahrabel, which has the responsibility to manage all development, construction and operational energy activities of GDF SUEZ in the region.

Turkey

GSEMEAA has a presence in the Turkish power generation sector through its 95% stake in the Baymina Enerji power generation project. This 763 MW Combined Cycle Gas Turbine (CCGT) power station is located some 40 km from the capital Ankara and sells its power to the national distribution company under a long term PPA contract.

Thailand

Glow Group, in which GDF SUEZ holds a majority stake, is a major energy player in Thailand with a combined installed capacity in Thailand and Laos of 1,860 MW of electricity and 967 tons per hour of steam. Glow Group generates and supplies electricity to Electricity Generating Authority of Thailand (EGAT) under Thailand's SPP (Small Power Producer) and IPP (Independent Power Producer) programs, as well as electricity, steam, industrial water and services to large industrial customers principally located in the Map Ta Phut area and nearby. Glow Group also has an additional 1,087 MW of power generation capacity currently under construction.

GDF SUEZ also owns a 40% stake in PTTNGD Co. Ltd., which distributes natural gas to industrial customers in the Bangkok region. The company is 58% held by PTT PCL, the primary oil, gas, and petrochemical company in Thailand.

Singapore

In 2008, GDF SUEZ in a consortium with Marubeni, Kansai, Kyushu and Japan Bank for International Cooperation (JBIC) acquired Senoko from Temasek for the sum of US$2.55 billion. Senoko is Singapore's largest power generator with about 30% of generation market share in 2007.

GDF SUEZ and Marubeni each hold 30% of the capital of Senoko. Kansai and Kyushu hold 15% each and JBIC the remaining 10%. Senoko Power owns and operates a unique portfolio of generation units offering a combined capacity of 3,300 MW.

In addition, Senoko Energy Supply – a subsidiary of Senoko – is responsible for selling electricity to eligible customers.

Regulatory environment

GCC countries: The regulatory frameworks in the different countries of the GCC are quite similar from one country to the other, with competitive tenders launched by the power authorities calling for private power producers to bid for power generation/water desalination assets. The output is then sold by the private producer to a public utility under long term contracts, the terms of which are stipulated at the time of the tender stage.

(1) MEED is a premium subscription website which features business news, data and analysis, tenders and contracts awarded from the Middle East.

(2) "SUEZ heads off Asian challenge in Gulf power and water sector", MEED – October 2008.

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Turkey: Turkish electricity legislation was brought into line with EU legislation in March 2001 with the introduction of the Electricity Market Law. This new legislation aimed to create a more competitive and transparent market and encourage much-needed private investment. The new law superseded the old build, operate, transfer (BOT) and transfer of operating rights (TOR) schemes.

Beginning in January 2004, the market was opened to consumers of more than 7.8 GWh per year, which was lowered slightly in 2005 to 7.7 GWh, resulting in 29% of customers being eligible.

The reform of the energy sector has also involved the progressive privatization of 21 electricity distribution networks and power generation assets, many of them having been sold to the private sector in 2009.

Thailand: EGAT (the Electricity Generating Authority of Thailand), a state-owned body, is the main entity in the electricity sector. Until liberalisation of the sector, EGAT generated around 95% of Thailand's power with the remainder being accounted for by captive generation. EGAT now directly accounts for about 45% of total generation capacity while the rest is accounted for by the non-governmental sector: Independent power producers (IPP), small power producers and imports from Laos and Malaysia.

The IPP programme commenced in 1994 with the publication of the government's first power purchase solicitation. IPPs in Thailand sell their output to EGAT under long term contracts, the terms of which are stipulated at the time of the IPP tender stage.

The Map Ta Phut industrial estate is an exception to this scheme as Glow Energy owns a license to generate, distribute and sell power and steam to industrial customers.

Singapore: The electricity industry had historically been vertically integrated and Government-owned. Liberalization in the electricity industry started in 1995 for greater efficiency and innovation.

The electricity generation and retail business was separated from the natural monopoly of electricity transmission at the ownership level in 2001. The National Electricity Market of Singapore (NEMS) commenced operation on January 1st, 2003.

In the NEMS, which is essentially a real-time electricity trading pool, generation companies compete to sell electricity every half-hour while electricity retailers buy electricity from the NEMS and offer packages to sell electricity to eligible consumers.

The Energy Market Authority of Singapore Act 2001 created a new regulator for the power sector in Singapore (EMA) and paved the way for the creation of a market framework for the supply of electricity in Singapore in order to promote and maintain fair and efficient market conduct and effective competition.

Following the 2001 Act, the government has been liberalizing the retail electricity market in stages, with the requirement to be classified as eligible customers being progressively eased. The third and last stage will consist in opening the retail competition to all consumers although there is currently no firm timetable for further market opening.

On the generation side, all the assets that belonged to Temasek - an investment company owned by the government of Singapore – have been sold to private investor, meaning that Singapore's power generation industry is now fully privatized.

2.1.3 GLOBAL GAS & LNG BUSINESS LINE

2.1.3.1 Missions

The primary mission of the Global Gas & LNG business line is to supply the Group and its customers with competitively priced gas secured by medium-to-long-term contracts for gas and LNG concluded with third-party producers, by its own production, and by its access to organized markets. It optimizes the balance between GDF SUEZ's resources and needs by portfolio management and trading activities. It develops GDF SUEZ's activities in the LNG sector directly or in collaboration with other Group entities. It also trades in natural gas and LNG on its own account. Lastly, it markets natural gas and related services to large European companies.

2.1.3.2 Strategy

The main strategic objectives of the Global Gas & LNG business line are:

- to capitalize on it sustainable relationships forged with natural gas producers, to grow its reserves, and to develop, secure and diversify its supply portfolio to satisfy its customers' needs;
- to consolidate GDF SUEZ's international leadership in LNG, by leveraging its expertise in every segment of the LNG value chain;
- to continue developing sales to large European companies;
- to optimize the value of its assets within a rigorous risk management framework.

Composed of five business units (BUs) plus steering and support functions, the Global Gas & LNL business line has some 2,460 staff[1].

(1) Including Gazocéan's workforce.

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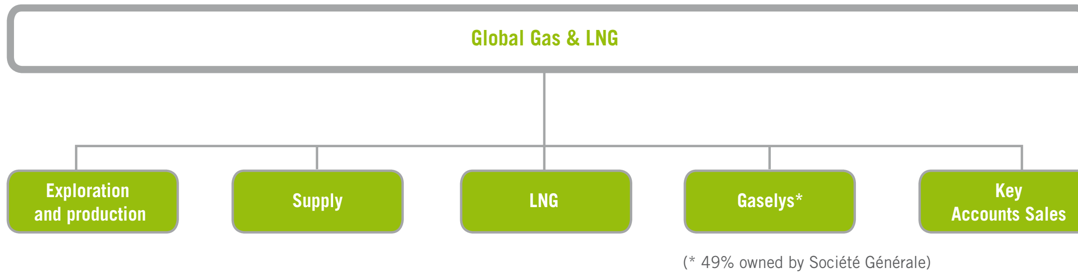
2.1.3.3 Organization



2.1.3.4 Key figures

2008 pro forma figures, in millions of euros	2009	2008	Total change (%)
Business line revenues	20,470	22,394	-8.6%
Revenue contribution to Group	10,657	10,827	-1.6%
EBITDA	**2,864**	**3,715**	**-22.9%**

Key figures 2009:

- gas purchases: 664.9 TWh;
- hydrocarbon production: 52.9 Mboe;
- reserves as of December 31, 2009: 763 Mboe;
- gas sales to large European companies: 200 TWh(1).

(1) Including sales to municipalities in France and intra-Group sales

2.1.3.5 Highlights

April

- Exploration and operating licence obtained for the Heilo field (GDF SUEZ E&P Norge, 40%) in the Barents Sea.
- Representative office opened for exploration-production activities in Baku (Azerbaijan).

May

- New brand launched for Major European Accounts (GDF SUEZ Global Energy) in partnership with the Energy France and Energy Europe & International business lines.

June

- Long-term L-gas supply contracts extended and reinforced with GasTerra, until 2029.
- Development phase of the Touat project launched after operating licence being granted by the Algerian authorities.
- 20% stake acquired in an exploration, development and production sharing contract for the Absheron offshore block, located in the Azerbaijan part of the Caspian Sea.
- The economic crisis and uncertainties concerning the future evolution of demand for natural gas in the country have affected the profitability outlook for the LNG terminal project in Singapore. The government has decided to take development under its own wing. Consequently, GDF SUEZ is no longer a partner or shareholder.

July

- 60% stake in Block 4 in Qatar purchased from the American company Anadarko Petroleum Corporation. GDF SUEZ thus becomes an operator in Qatar.

August

- GDF SUEZ becomes involved in the integrated Bonaparte LNG project in Australia in partnership with Santos: GDF SUEZ acquires 60% of the Petrel, Tern and Frigate natural gas fields. GDF SUEZ and Santos form a joint venture on a 60/40 basis, led by GDF SUEZ, covering the:
  - development and operation of a liquefaction plant (floating plant) with a planned capacity of 2 mtpa of LNG which will use natural gas from the Petrel, Tern and Frigate gas fields;
  - marketing by GDF SUEZ of the entire production of LNG which will be routed to markets in the Asia-Pacific region, in accordance with the terms of the joint venture;
- Delivery to GDF SUEZ of two new LNG vessels on a long-term charter agreement, BW GDF SUEZ BRUSSELS and BW GDF SUEZ PARIS.

September

- In Chile, the combined offer of the Energy Europe & International – Global Gas & LNG business lines won the Emel tender for electricity production (2000 GWh/yr between 2012 and 2026), which will be generated from the LNG in the Group's portfolio, imported and regasified at the Mejillones terminal (50/50 owned by GDF SUEZ and Codelco).
- Finalization with Eni of the acquisition of a 45% stake in the Muara Bakau offshore production sharing contract in Indonesia (licence in exploration phase).

October

- Memorandum of understanding signed (Heads of Agreement) for the acquisition from KazMunaiGas (KMG) of 8% of the Khvalynskoye offshore field, one of the largest gas production projects in the Northern part of the Caspian Sea (Russia–Kazakhstan border). A representative office opened in Astana.

November

- GDF SUEZ lifted its first cargo of LNG from the Yemen LNG liquefaction plant, under the contract signed in 2005 for the purchase over 20 years of 2.55 million tons of LNG per year.
- Delivery of GDF SUEZ Neptune, the Group's first LNG regasification vessel. This ship, chartered on a long-term basis, is equipped with its regasification system, allowing it to regasify liquefied natural gas and offload it directly into the network, under high pressure, via offshore facilities.

December

- GDF SUEZ sold 20% of its stake in the Egyptian Alam El Shawish field to Shell (GDF SUEZ retains 25%).
- Representative office opened in Yaoundé (Cameroon). This new office will reinforce the partnership between GDF SUEZ and the *Société Nationale des Hydrocarbures* (National Hydrocarbon Corporation) as part of the liquefaction plant project jointly run by the two companies.

2.1.3.6 Exploration & Production BU

Principal key indicators

As of December 31, 2009, GDF SUEZ had proven and probable reserves of 763 million barrels of oil equivalent (MBOE), 76% of it natural gas and 24% of it liquid hydrocarbons. The Group's annual production of natural gas and liquid hydrocarbons was 52.9 Mboe in 2009.

GDF SUEZ operates exploration-production activities in 14 countries, primarily in Europe and North Africa:

- 5 in Europe (United Kingdom, Norway, the Netherlands, Germany, France);

- 5 in Africa (Egypt, Libya, Algeria, Mauritania, Ivory Coast);
- Azerbaijan, Qatar, the United States and Indonesia.

The legal procedures for entry into Australia and Kazakhstan are not yet completed.

The business unit's missions

To diversify and secure its access to hydrocarbon resources, to benefit from a greater share of the natural gas chain's added value and to encourage its development in LNG, the Group has its own reserves, primarily in the North Sea, Germany and North Africa, some of which are fed by sources it operates for itself and for its partners.

The business unit's activities

Legal framework of Exploration-Production activities

The Group operates its exploration-production activities within the framework of licenses, concessions or production sharing contracts, and/or other types of contracts drawn up with the public authorities or national companies of the countries involved. Depending on the type of license or contract, or legislation in force, GDF SUEZ undertakes to implement an exploratory program and, if successful, is entitled to work the fields involved for a certain amount of time, subject to national authorities approving its development plan. Throughout the production period, GDF SUEZ must pay royalties to those authorities, hand over part of the production, pay a share of its profits and/or pay certain taxes specific to the oil and gas sector.

In accordance with oil and gas market practice, GDF SUEZ regularly operates in association with one or more other oil and gas companies. Under current partnership contracts, one of the parties is generally designated as operator, meaning that it is responsible for conducting daily operations (with the other parties' approval required for important subjects such as the adoption of a development plan, major investments, budgets or sales contracts for the group). Only companies approved by local public authorities can be designated as operators.

GDF SUEZ has been recognized as operator in most countries where it works. Such official approval allows it to take part in exploration-production in these countries with a management role, not only in technical matters but in strategy as well (investment, development).

Reserves

As of December 31, 2009 the Group held 357 exploration and/or production licenses in 14 countries, and was itself the operator in 56% of them. Of the 17 exploration wells drilled in 2009, 4 were successful with two discoveries in Norway, one in the Netherlands and one in Indonesia. These discoveries revealed sources and will contribute to reserves in the years to come.

In addition, in 2009 there were 4 appraisal wells drilled, 3 of which were successful.

The tables below show all of the Group's proven and probable reserves (including developed and undeveloped reserves)[1] and, for the dates shown, their geographic breakdown:

CHANGE IN GROUP RESERVES[2]

	2007			2008			2009		
Mboe	Natural gas	Hydrocarbons and liquids	Total	Natural gas	Hydrocarbons and liquids	Total	Natural gas	Hydrocarbons and liquids	Total
Reserves December 31, N-1	518.3	167	685.3	492.5	174.4	666.9	494.4	209.3	703.7
Revision + discoveries	8.8	9.4	18.2	15.75	45.4	61.15	124.1	(-8.0)	116.2
Assets bought and sold	(-3.8)	9.6	5.8	23.85	3.0	26.85	0.8	(-4.9)	(-4.1)
Production sales	(-30.8)	(-11.6)	(-42.4)	(-37.7)	(-13.5)	(-51.2)	(-38.5)	(-14.4)	(-52.9)
Reserves December 31	492.5	174.4	666.9	494.4	209.3	703.7	580.8	182.1	762.9

(1) Developed proven reserves are those that can be produced using existing facilities. Undeveloped proven reserves are those that require new wells to be drilled on virgin territory, or significant extra investment in existing facilities, such as a compressor unit.

(2) The totals are rounded off by the database, so there may be slight variances between the details and the total.

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CHANGE IN GROUP RESERVES BY COUNTRY

	2007			2008			2009		
Mboe	Natural gas	Hydrocarbons and liquids	Total	Natural gas	Hydrocarbons and liquids	Total	Natural gas	Hydrocarbons and liquids	Total
Germany	104	47.7	151.8	87.6	62.9	150.5	74.0	68.5	142.5
Norway	228.2	91.5	319.7	236.3	105.2	341.5	215.9	76.4	292.3
United Kingdom	49.4	23.9	73.4	51.9	24.5	76.4	74.8	24.0	98.9
Netherlands	99.5	1.1	100.6	114.4	3.8	118.2	98.2	3.2	101.4
Other	11.3	10.1	21.4	4.2	12.8	17.0	117.9*	10.1	127.9
TOTAL	**492.4**	**174.3**	**666.9**	**494.4**	**209.2**	**703.7**	**580.8**	**182.1**	**762.9**
Change				0.4%	20.0%	5.5%	17.5%	-13.0%	8.4%

* *Corresponds mainly to an increase in our reserves in the North Africa region.*

As of December 31, 2009, GDF SUEZ's proven and probable reserves of liquid hydrocarbons and natural gas amounted to 763 Mboe compared with 704 Mboe in 2008, of which 76% were natural gas reserves to the tune of 95 billion m^3.

For information purposes, the Group's share of proven and probable reserves in fields where it is a partner (working interest reserves) was 946 Mboe at the end of 2009 compared to 729 Mboe in 2008. Most of this substantial increase comes from the 2009 portfolio of fields operated under a production-sharing contract rather than fields operated under concessions. For these fields, the share of recognized hydrocarbon reserves is less than the interest held, for contractual and not technical reasons.

Every year, more than one-third of reserves are subject to an independent assessment by an international expert (currently DeGolyer and MacNaughton) over a three-year cycle. 46% of 2P reserves as of December 31, 2009 were assessed under this arrangement.

The Group uses the Society of Petroleum Engineers (SPE) and World Petroleum Congress (WPC) joint definitions to classify its 2P (proven and probable) reserves and this classification is known as SPE PRMS.

These assessments, which require the use of certain subjective evaluations, are revised annually to account for new information, in particular concerning production levels for the past year, source re-evaluation, the addition of new reserves resulting from discoveries or acquisitions, the sale of reserves and other economic factors.

Unless otherwise specified, the references made to proven and probable reserves and to production must be understood as the Group's stake in these reserves and this production (net of all licences charges taken in kind by third parties in the form of crude oil or natural gas). These references include the total of these net proven and probable oil, gas, and other hydrocarbon reserves estimated as being potentially extracted for the remaining duration of the licenses, concessions, and production sharing contracts. Non contractual renewal of these licenses, concessions and agreements was not taken into account.

The renewal rate of the reserves for a given period is defined as the ratio of additions of reserves for the period (discoveries, net acquisitions and revisions of reserves) to the production for the period. The renewal rate of the Group's reserves was 78% on average over the period 2005-2007, 65% on average over the period 2006-2008, and 153% on average over the period 2007-2009.

Production[(1)]

The following tables show GDF SUEZ's production of natural gas and liquid hydrocarbons, including the share from companies consolidated by the equity method, by country, for each of the three years ended on December 31, 2007, 2008 and 2009.

During the fiscal year ended December 31, 2009, GDF SUEZ's production of gas and liquid hydrocarbons was 52.9 Mboe.

(1) As production totals are rounded to one decimal by the database, there may be insignificant variances in the totals.

CHANGE IN GROUP PRODUCTION BY COUNTRY – NATURAL GAS AND LIQUID HYDROCARBONS

	2007			2008			2009		
Mboe	Natural gas	Hydrocarbons and liquids	Total	Natural gas	Hydrocarbons and liquids	Total	Natural gas	Hydrocarbons and liquids	Total
Germany	8.6	3.3	11.9	8.1	3.2	11.3	7.2	3.3	10.5
Norway	0.2	3.9	4.1	4.2	6	10.2	6.2	6.5	12.8
United Kingdom	7.2	4.2	11.4	6.5	3.8	10.3	6.6	3.8	10.5
Netherlands	14.3	0.1	14.4	18.3	0.2	18.5	17.7	0.5	18.1
Other	0.6	0	0.6	0.7	0.2	0.9	0.7	0.3	1.0
TOTAL	**30.8**	**11.6**	**42.4**	**37.8**	**13.5**	**51.3**	**38.5**	**14.4**	**52.9**

Exploration-Production activity by country

Germany

The Group began its exploration-production activities in 1994 when it acquired Erdol-Erdgas Gommern GmbH ("EEG"). In 2003, it purchased on-shore assets owned in Germany by Preussag Energie GmbH ("PEG"). In 2007, EEG merged with and was absorbed by PEG to form GDF SUEZ E&P Deutschland GmbH.

PEG and EEG also had rights on underground storage sites, and these activities were transferred to the GDF SUEZ Infrastructures Business Line in 2008.

As of December 31, 2009 the Group owned a stake in 60 oil and natural gas fields in Germany, including 56 in production, with proven and probable reserves of 143 million barrels oil equivalent, of which approximately 52% in the form of natural gas.

Furthermore, the acquisition of PEG assets enabled GDF SUEZ to indirectly expand its presence in the German market due to its 11% stake in EGM, which owns transmission and distribution infrastructures and markets a portion of the gas produced by the Group in north-west Germany.

Finally, in 2009, the Group maintained its commitment to CO_2 storage research, an area in which it signed a cooperation agreement with the Vattenfall Group in 2007, for an experimental CO_2 injection and natural gas recovery improvement project on the Altmark site.

Norway

In 2001, the Group began exploration-production in Norway by acquiring stakes in the Snøhvit and Njord fields. It then purchased stakes in Fram and Gudrun in 2002, Gjøa in 2003, and obtained licenses for various exploration blocks.

The Group owns a stake in 22 oil and natural gas fields off the coast of Norway including three in production, its share of which was 292 Mboe of proven and probable reserves at December 31, 2009 (around 74% in gas form).

The Norwegian authorities recognized GDF SUEZ as operator for the production phase of one of these fields, Gjøa, which will start in October 2010. The Gjøa and Vega Sør development plan was approved in 2007 by the Norwegian authorities and is in the process of being implemented.

United Kingdom

In 1998, the Group helped develop the Elgin-Franklin field in the central basin of the British North Sea and then progressively expanded its portfolio of licenses.

At the end of 2009, the Group held stakes in 28 fields in the British North Sea, of which 16 were in production. As of December 31, 2009, the share of proven and probable reserves held by the Group (including the reserves held by its 22.5% stake in EFOG) in these fields represented 99 Mboe, of which some 76% was in the form of gas.

In 2009 GDF SUEZ announced the success of the appraisal well (44/12a-3) thereby allowing the Cygnus natural gas field to be extended. Its total ultimate reserves will make the Cygnus field one of the largest development projects in the past few years in the southern part of the North Sea.

Netherlands

In 2000, the Group became an offshore operator in the Netherlands by acquiring companies owned by TransCanada Pipelines. This acquisition also allowed it to become the operator of NoordGasTransport, the main Dutch underwater pipeline.

The Group has stakes in 50 fields in Dutch waters. Forty-one of these fields are in production, and the Group acts as operator on most of them. As of December 31, 2009, the share of proven and probable reserves held by the Group in these fields represented 101 Mboe, nearly all of which was in the form of gas.

In 2008, GDF SUEZ bought from NAM a set of oil and gas exploration, production and transportation assets in the Dutch North Sea, near the NOGAT pipeline, GDF SUEZ becoming the operator with a 30% stake. The acquired assets include shareholdings in five blocks currently in production and other potential volumes of existing sources and discoveries with a high exploration potential. This acquisition considerably extends the company's activity in the Netherlands.

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Egypt and other countries

The Group won a bidding process and on September 15, 2005 finalized a concession agreement with Egypt's national company, EGAS, and the Egyptian government, thereby obtaining a 100% stake in the West El Burullus off-shore block, located in the Nile delta. 50% of the shares were later sold to Dana Petroleum.

In 2007, the Group strengthened its presence in Egypt by acquiring from Vegas Oil & Gas 45% of the Alam El Shawish West license, and in 2009 sold 20% of the license to Shell Egypt (keeping 25% for itself).

In addition, in 2007, the Group signed an agreement with Shell to acquire a 10% stake in the new exploration license Shell had applied for on North West Damietta, a request that was accepted by the Egyptian authorities in 2008.

The Group owns stakes in three fields in Egypt, one of which is in production.

GDF SUEZ is also present in Algeria, Mauritania, Ivory Coast, Libya, the United States, Azerbaijan, Qatar, Australia, Indonesia, Kazakhstan and France.

Since 2002, the Group is operator of the Touat permit in southern Algeria, in partnership with Sonatrach. The appraisal/exploration phase was completed in 2007. In 2009, the project's development plan was approved by Algeria's National Agency for the Valorisation of Hydrocarbon Resources (ALNAFT). The Group was also selected, with Repsol, as operator to enter into the South-East Illizi license.

After the agreements signed in 2005 with Dana Petroleum, in 2006 GDF SUEZ entered into three off-shore blocks off the coast of Mauritania: 24% in block 1, 27.85% in block 7, and 26% in block 8, but the last block was abandoned in 2009 due to a lack of prospects.

In the Ivory Coast, GDF SUEZ owns 100% of the company ENERCI. This company holds 12% of an off-shore gas production site which supplies the local market.

In 2008, GDF SUEZ obtained 20% of the exploration-production license for five onshore blocks in the Syrthe basin and an onshore block in the Murzuq basin in Libya.

In 2009, GDF SUEZ acquired, from Eni, a set of exploration-production assets in the Gulf of Mexico.

In 2009, the Group acquired a 20% stake in an Absheron offshore exploration license in the Azerbaijan part of the Caspian Sea.

In 2009, GDF SUEZ became operator in Qatar after purchasing 60% of block 4 from the American company Anadarko Petroleum Corporation by buying “Anadarko Qatar Block 4 Company, LLC”.

The Group acquired 60% of three gas fields in Australia's Bonaparte basin. GDF SUEZ will become operator in 2011. This acquisition also supports a development project in a floating gas liquefaction plant that will allow GDF SUEZ to enter the market in the Asia-Pacific basin as an integral player in the LNG chain.

The Group has finalized with Eni the acquisition of a 45% stake in the Muara Bakau offshore exploration license in Indonesia. This acquisition forms part of the asset trading agreement between GDF SUEZ and Eni signed in 2008.

In Kazakhstan, GDF SUEZ in partnership with Total signed a memorandum of understanding for the acquisition of half of the 50% stake held by KazMunaigas (KMG). This memorandum relates to the Khvalinskoye offshore exploration license in the Caspian Sea on the border between Russia and Kazakhstan.

Since 2008, the Group has had a 50% stake in the *Pays du Saulnois* license in France.

Lastly, as part of agreements signed with Eni in 2008, GDF SUEZ has acquired licenses in the United Kingdom, the United States, Egypt and Indonesia.

In total, the Group has stakes in 18 fields in Algeria, Mauritania, Ivory Coast, Egypt, Libya, Indonesia, the Gulf of Mexico and France. Four of these fields are in production. As of December 31, 2009, the share of proven and probable reserves held by the Group in these fields represented 128 Mboe, some 92% of which was in the form of gas.

Natural gas sales & marketing

Currently, 53% of the natural gas produced by the Exploration-Production Business Unit's affiliates is sold to third parties, generally under short- or long-term contracts concluded before these companies were acquired by the Group. The customers are mainly Gas Terra in the Netherlands, and E.ON and EGM in Germany.

Currently, 47% of the natural gas produced by affiliates in the Exploration-Production Business Unit is marketed through other Group BUs under contractual agreements. The affiliates' exposure to stock-market risks leads some of them to enter into hedging agreements with the Gaselys business unit.

The long-term contracts under which GDF SUEZ sells its natural gas production vary depending on the affiliate and the local market. They are indexed to gas spot prices and/or oil-product prices calculated using formulas that usually include mobile resources that provide for adaptation periods and regular revisions and updates.

After dropping sharply in the first half of 2009, spot market prices continued to fall but less so in the second half of 2009.

Compared to long-term contracts indexed to oil-product prices, these spot prices broke away after September 2008 to hit much lower levels than long-term contract prices.

Competitive position

There is considerable competition in Exploration-Production activity among oil and gas operators to acquire assets and permits to explore and produce oil and natural gas. The Group produced 52.9 Mboe in 2009. It moved into the top rank of offshore producers in the Netherlands and is the 5th largest producer in Germany.

Exploration-Production BU strategy

Exploration-Production is a key activity in the Group's strategic integration throughout the gas value chain, allowing it to:

- reduce its exposure to margin shifts along the natural gas chain;
- reduce the impact of energy price fluctuations on its supply costs;
- gain access to new natural gas resources and diversify its commercial natural gas offerings;
- reinforce the Group's position as a leading buyer by opening up possibilities for new partnerships with top suppliers with a view to furthering projects together.

The Group's objective is to grow its proven and probable reserves and to increase its production through organic growth and acquisitions, market conditions permitting. To achieve these objectives, the Group plans to maintain its current level of holdings in its current production areas in Northern Europe, to accelerate development in North Africa (Algeria, Egypt, Libya), and to set up operations in new areas such as the Caspian Sea, Middle-East, etc., and in other countries where integrated LNG projects can be developed.

2.1.3.7 Supply BU

The mission of the Supply business unit is to contract the natural gas volumes and transmission capacities needed by its internal customers, electricity producers and marketers in France and the rest of Europe. Upstream it trades with large gas suppliers such as Norway, Russia, the Netherlands and Algeria. Downstream it works to balance the needs and resources of its customers. This global perspective allows the Group to secure and optimize its gas portfolio. Local entities in the various business lines also participate in this optimization, enriching the portfolio with opportunities captured at their particular level.

Principal key indicators

The table below presents the sources of the business line's supply portfolio for each of the three years ended on December 31, 2007, 2008 and 2009 (excluding its own consumption and losses).

BREAKDOWN OF THE SUPPLY PORTFOLIO (EXCLUDING ITS OWN CONSUMPTION AND LOSSES)

	Fiscal year ended December 31		
TWh	2007	2008	2009
Long-term contracts with third parties	503.0	511.5	495.4
Purchases from the Exploration-Production BU	31.6	33.2	29.7
Short-term purchases	82.2	113.4	139.8
Other sources	0.1	0.0	0.0
TOTAL	**617.0**	**658.1**	**664.9**

The BU's missions

The Supply business unit is responsible for:

- ensuring supply to the Group's entities at a competitive price;
- marketing part of the Exploration-Production BU's production;
- managing and optimizing the Group's natural gas supply portfolio structure:
  - managing the Group's natural gas resources/needs balance,
  - making the most of the storage, transmission and regasification rights that it manages,
  - selling natural gas or services to long- or short-term counterparties;
- managing relations with the Group's major natural gas suppliers.

There are certain subsidiaries that the Supply business unit does not directly supply, but to which it provides know-how to help them build their own supply portfolios.

Description of activity

A diversified portfolio

Diversifying its suppliers protects the Group from eventual supply disruptions and allows it to better adapt purchases to needs.

The table below shows the geographic breakdown of the business line's gas supply sources (including its own resources and LNG) for each of the three years ended December 31, 2007, 2008, and 2009.

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GEOGRAPHICAL BREAKDOWN OF SUPPLY SOURCES (INCLUDING ITS OWN RESOURCES)

Fiscal year ended December 31	2007		2008		2009	
	TWh	*(%)*	*TWh*	*(%)*		
Norway	132.6	21.5%	144.1	21.9%	145.1	21.8%
Russia	95.7	15.5%	97.1	14.8%	86.4	13.0%
Netherlands	94.9	15.4%	93.4	14.2%	92.2	13.9%
Algeria	105.9	17.2%	101.7	15.5%	96.8	14.6%
Egypt	53.2	8.6%	55.6	8.4%	54.1	8.1%
United Kingdom	23.0	3.7%	24.3	3.7%	21.2	3.2%
Libya	19.3	3.1%	20.1	3.1%	19.8	3.0%
Nigeria	6.4	1.0%	5.4	0.8%	2.6	0.4%
Germany	3.7	0.6%	3.1	0.5%	3.9	0.6%
Italy					2.9	0.4%
Other sources[(a)]	82.3	13.3%	113.4	17.2%	139.8	21.0%
TOTAL	**617.0**	**100.0%**	**658.1**	**100%**	**664.9**	**100%**

(a) Short-term market and mine gas purchases.

Gas purchases

The Supply business unit fuels the Group's development with one of the largest and most diversified long-term contract portfolios in Europe. These contracts provide visibility that is useful for the Group's development, thus giving it a major advantage in the natural gas market in Europe.

This portfolio is balanced in part through purchases in short-term markets through Gaselys. Through this, the Supply BU adjusts its supply to the group's needs by optimizing its purchasing costs. Close cooperation between the Supply BU and Gaselys allows the portfolio to be finely balanced from day to day.

Long-term contracts generally have a term of about 20 years. As of December 31, 2009, the average residual term of these long-term contracts (weighted by volume) was 15.6 years (in line with 2008). No significant contract is due to expire in the next four years.

According to market practice, the long-term purchase contracts include take-or-pay clauses according to which the buyer agrees to pay for minimum gas volumes each year, whether or not delivery occurs (except in the event of supplier default or force majeure). Most contracts also include flexibility clauses, which are compensation mechanisms that allow volumes already paid for but not offtaken to be carried over to a subsequent period (make-up) or limited volumes to be deducted from the take-or-pay obligation, when the volumes taken over the course of previous years exceeds the minimum volumes applicable to these years (carry forward).

The price of natural gas under these contracts is indexed to the market price of energy products with which gas is directly or indirectly substitutable (mainly oil products). In addition, these contracts provide for periodic (two to four year) revisions of price and indexing formulas to account for market changes. Lastly, most contracts provide for the possibility of adjusting prices in exceptional circumstances, over and above the periodic reviews.

In certain cases, it is possible to change other contractual provisions in response to exceptional events affecting their economic balance (hardship clause). The parties are then required to negotiate in good faith and can, in the event of disagreement, revert to arbitration.

Supply contracts stipulate one or more delivery points. The delivery points of gas delivered by pipeline are spread across the entire European transport system and, in the case of LNG, are mainly sited at vessel loading docks at suppliers' liquefaction plants.

Short- and long-term booked capacities

Thanks to short- and long-term capacity reservation contracts, the Supply BU has natural gas receiving and land and sea shipping capabilities downstream of the reception points. It currently owns the use rights necessary for carrying out its supply contracts. In answer to questions posed by the European Competition Commission in July 2009, the Group has undertaken to make available on the open market, capacities at its terminals at Montoir-de-Bretagne and Fos Cavaou as well as at its points of entry at Taisnières and Obergailbach. In addition, from 2014, GDF SUEZ must hold no more than 49.9% of natural-gas entry capacity into France for a period of 10 years. It is the Supply business unit's responsibility to translate these new commitments into fact, while enabling its supply contracts to be met.

Relationships with major natural gas suppliers

The Supply business unit has established long-term relationships with the Group's traditional suppliers. These relationships may be further enriched by various partnerships that involve other Group entities. Thus, as part of its exploration-production activity, partnerships have been forged with UK, Norwegian, Dutch and Algerian companies including taking stakes in LNG production plants owned by Snøhvit (Norway) and Idku (Egypt). A strategic protocol was signed with Sonatrach, which led to the 2001 creation of a joint commercialization company, MedLNG&Gas. A cooperative agreement for LNG was entered into with Gazprom in 2005. The Group, together with Gazprom and its partners, envisions taking a stake in Nord Stream AG.

The Supply business unit constantly adapts is portfolio, to be ready to respond to economic conditions at any moment. This largely takes the form of new contracts (in particular with the Dutch supplier GasTerra) and price reviews.

Optimized management of the Group's supply

With no supply contract being secured with one particular client or group of clients, the Supply BU manages its natural gas portfolio, on the Group's different European markets, in such a way as to optimize the total cost of its supply.

The supplies are established first and foremost by long-term contracts. These contracts give the buyer a certain flexibility in delivery volumes. The Supply business unit optimizes its portfolio management, acting on prices as well as volumes, thanks to its highly diversified supply sources. Short- or medium-term purchases from long-term suppliers or other dealers allow it to fine-tune the balance between the needs of its internal customers and the Group's resources.

Through Gaselys, the Supply BU is active in spot markets, executes arbitrage operations, buying and selling in short-term markets, and buys and sells energy-related derivatives.

The interruption of Russian gas supply in 2009 showed the efficiency of its portfolio management at every step: its long-term portfolio diversification and well as its fast responsiveness in short-term markets allowed it to supply the countries worst hit by the Russian-Ukrainian crisis.

In addition, the Supply BU makes short- and long-term sales to European gas operators. The table below shows the change in sales to operators and in short-term markets for each of the three last years.

● GAS SALES (STATUTORY ACCOUNTS)*

	Fiscal year ended December 31		
TWh	2007	2008	2009
Operator sales	40	34	20
Short-term market sales	35	45	86
TOTAL	**76**	**79**	**106**

* *As amounts are rounded by the database there may be insignificant variances between line-items and totals.*

In addition to reconciling contracts in the best possible way with short- and medium-term operations, it uses its booked capacity in underground storage facilities as a management tool. Natural gas stored over the summer, in addition to using flexibility in its supply contract volumes, helps meet additional customer demand in winter by guaranteeing supply continuity to its customers to comply with the legal requirements governing all natural gas suppliers. In France, the Company must be able to supply all customers without contingency clauses, to deal with severe weather conditions that statistically occur no more than twice a century - a condition known as the "2%" risk.

The Supply business unit also provides natural gas re-delivery and trading services to third-party operators, primarily Statoil, Shell, Total, Conoco, Eni and Enel. In so doing, the business unit increases the value of the Group's presence in the European value chain, in the supply, storage and transmission markets.

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Competitive position

The Supply business unit manages one of the most diversified supply portfolios. The continuing magnitude of long-term contracts makes the Group reliable and responsive in every circumstance.

The competitiveness and flexibility of the gas portfolio relies on:

- the integrated management of supply contracts;
- the ability to balance assets and optimize the long-term and short-term supply mix, through access to markets;
- the flexibility of long-term contracts;
- having multiple delivery points and transmission capacities in Europe.

Development strategy

The mission of the Supply business unit is to satisfy its internal customers' needs for secure and competitively priced gas to help them maximize the value created by the Group. Its development strategy must therefore constantly be focused on:

- covering the Group's natural gas needs in Europe;
- strengthening the geographical diversification of its resources portfolio;
- using short-term markets and resources to manage unpredictable demand and meet certain customers' special requirements;
- ensuring it has gas storage and transmission capacities throughout Europe and diversified routing solutions to the Group's various markets.

In cooperation with other Group business lines, the Supply division continues to develop strategic partnerships with major suppliers. It also strives, along with the Group's marketing entities, to make the most of local opportunities and achieve all potential gas/electricity synergies.

2.1.3.8 LNG BU

The Group's position in LNG

- largest LNG importer in Europe[1];
- leader in the Atlantic basin;
- 3rd largest LNG importer in the world[1];
- management of a portfolio of long-term supply contracts from six countries;
- regasification capacities in four European countries (France, Belgium, Spain, United Kingdom), in the United States (New England, Gulf of Mexico) and Chile (starting in early 2010);
- in December 2009 fleet of 15 vessels (owned or chartered), of which one SRV (regasification vessel), and two long-term chartered vessels under construction;
- under development: an onshore liquefaction project in Cameroon and an offshore E&P/LNG integrated project in Australia (Bonaparte LNG).

The BU's missions

- Safely, reliably and economically supply GDF SUEZ various entities with LNG, as part of the Group's global gas supply portfolio, through the management of all Group's LNG supply and vessel chartering contracts.
- Create additional value through business development (new internal and external markets, new supplies, new investments in liquefaction plants and regasification terminals) and physical and financial optimisation of the Group's LNG portfolio.

Description of the business

GDF SUEZ's recognized expertise in the entire LNG value chain, from production to imports and commercialization, including regasification terminal operation and maritime shipping, enables it to build on the strong growth in the industry. Despite the economical crisis, the LNG business will continue to grow quickly, at a rate much higher than gas pipeline trade, and on a global scale.

LNG gives the Group access to new natural gas resources and helps it diversify and secure its supply. In addition, LNG helps the Group develop new gas markets and improves portfolio management of the Group's gas supplies, allowing the Group to seize a wider range of optimization and arbitrage opportunities. The LNG business development is made in coordination with Group's upstream activities (exploration & production) and downstream activities (gas supply, power production).

(1) GIIGNL data (International Group of LNG Importers).

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LNG supply and positions in liquefaction

Most of the LNG is purchased free on board (FOB) on a long-term basis by GDF SUEZ. Some other volumes are purchased on a mid-term basis (1 to 5 years) and the Group buys spot cargoes as needs or opportunities arise. The Group's contractual annual long-term commitments are as follows (on December 31, 2009):

	Annual LT commitment	GDF SUEZ's stake in liquefaction plants
Algeria	102 TWh	-
Egypt	55 TWh	5% of Idku Train 1
Nigeria (DES contract[(1)])	6 TWh	-
Norway (12% equity LNG, connected to the Snøhvit field)	7.5 TWh	12% of the Melkøya plant
Trinidad and Tobago[(2)]	29.5 TWh [(3)]	10% of Atlantic LNG Train 1
Yemen (1st delivery in Nov. 2009)	39 TWh	-
Shell (LT agreement from 2014)	6 TWh	-

(1) Delivered ex-ship.
(2) The Trinidad and Tobago contract, which is contractually borne by GDF SUEZ LNG North America, is managed operationally by the LNG BU.
(3) Until March 31, 2009: additional volumes through mid-term contracts with other companies accounting for: 38.3 TWh/year.

There are agreements for further supply at later dates (in particular connected to the Brass LNG project in Nigeria).

To strengthen its diversification and security of supply, GDF SUEZ is also involved in the development of liquefaction projects, including floating LNG liquefaction plants:

- E&P/LNG integrated project in Australia: in August 2009, GDF SUEZ and Santos announced a strategic partnership to develop a 2 mtpa floating LNG liquefaction plant in the Bonaparte Basin, off the coasts of Australia. In the framework of this partnership, GDF SUEZ will purchase a 60% stake in the offshore gas fields Petrel, Tern and Frigate to feed the project and will become the lead-developer for the whole project in 2011 (see also E&P section). The Group will also lead the marketing of the LNG;
- onshore liquefaction facility in Cameroon: in October 2008, the Group signed an agreement with SNH (Société Nationale d'Hydrocarbures), Cameroon's National Oil Company, to develop an LNG export scheme including the construction of a liquefaction plant. In December 2009, GDF SUEZ opened a dedicated office in Yaoundé. The companies jointly awarded a pre-Feed contract for the engineering design of an onshore LNG liquefaction plant with a production capacity of up to 3.5 million tons per annum located in the area of Kribi, fed by a national gas-aggregation network connecting known gas resources.

LNG destination - Positions in regasification terminals

In 2009, offloading was mainly done in Europe and in the Americas.

1 2 3 4 5 6 7 8 9 10 11 12 A

GROUP'S POSITIONS IN REGASIFICATION IN 2009

	Regasification terminal	Access to regas capacity	GDF SUEZ's stake in regas terminals
France	Montoir	Y (regulated)	100%(1)
	Fos Tonkin	Y (regulated)	100%(1)
	Fos Cavaou	Y (regulated)	70.2%(2)
Italy	Panigaglia	Y(3)	-
Spain	Huelva, Cartagena	Y	-
UK	Isle of Grain	Y	-
Belgium	Zeebrugge	Y (regulated)	60% (4)
USA	Everett	Y	100% (5)
	Sabine Pass	Y	-
Puerto Rico	Penuelas	Y(6)	-
India	Dahej	N	10%(7)

(1) Owned and operated by Elengy (100% GDF SUEZ).
(2) Owned by STMCF (70.2% GDF SUEZ), operated by Elengy. Commissioning started in October 2009.
(3) Through swap with Enel.
(4) Owned and operated by Fluxys International (60% GDF SUEZ).
(5) Owned and operated by Distrigas of Massachusetts (100% GDF SUEZ).
(6) Through long-term sales commitment.
(7) Owned and operated by Petronet LNG Ltd. (10% GDF SUEZ).

In addition:

- North America: the Neptune LNG floating terminal (100% GDF SUEZ) in the Boston area will start operations in spring 2010. The Group will have access to regasification capacity in the Freeport terminal in the Gulf of Mexico from 2010;
- Chile: the Group owns 50% of GNL Mejillones which will commission the Mejillones terminal in Chile in early 2010. The LNG for GNL Mejillones will be supplied from within the Group;
- India: Petronet LNG Limited is building the Kochi terminal.

The LNG BU manages the Group's stakes in Petronet LNG Ltd. and in cooperation with the Energy Europe & International business line, it is managing the Triton project (offshore terminal project) in Italy.

The LNG BU is also developing several premium LNG markets around the globe in order to enhance LNG margins over the long term.

Maritime transport

In order to meet its maritime transport needs, GDF SUEZ uses a fleet of LNG tankers that it adapts in size to meet its long-term commitments and its one-off opportunities. The chartering terms vary from a few days to as much as twenty years. In December 2009, the GDF SUEZ fleet included 15 LNG carriers:

- five tankers owned or co-owned by the Group:
  - group-owned: Tellier (40,081 m^3), Matthew (126,540 m^3), Provalys (154,500 m^3), GDF SUEZ Global Energy (formerly Gaz de France energY, 74,130 m^3),
  - co-owned: Gaselys (154,500 m^3, 60%-owned by the NYK Group and 40%-owned by the GDF SUEZ);
- ten other vessels chartered from other ship-owners, including three new-built ships delivered to the Group in 2009 for long-term chartering: BW GDF SUEZ Paris, BW GDF SUEZ Brussels and GDF SUEZ Neptune (SRV, Shuttle and Regasification Vessel).

In the first half of 2010, GDF SUEZ will receive two other vessels under long-term charter. These vessels are currently under construction in Asian shipyards:

- GDF SUEZ Point Fortin – 154,200 m^3 (delivered in February 2010);
- GDF SUEZ Cape Ann – 142,800 m^3 (SRV; due to be delivered in Q2 2010).

In the area of maritime transport, GDF SUEZ also holds:

- an 80% stake (with Japanese ship-owner NYK owning the remaining 20%) in GAZOCEAN, a ship management company which runs the Tellier, Gaselys, Provalys and GDF SUEZ Global Energy vessels;
- a 40% stake in Gaztransport & Technigaz (GTT), which designs LNG tank containment systems and develops the "membrane" LNG tank isolation techniques. In November 2009, these techniques equipped 56% of the tankers in operation worldwide and 79% of the vessels ordered (source: BS/LNG World Shipping).

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Competitive position

Based on GIIGNL figures for the year 2008, GDF SUEZ is the largest LNG importer in Europe, the largest LNG importer in America and the third largest LNG importer in the world.

Strategy/development

The LNG BU's main strategic orientations:

- developing and diversifying the supply portfolio through integrated (E&P/liquefaction/supply) projects and buying long-term LNG from large producers (IOCs, NOCs);
- developing a portfolio of new high value gas markets in close cooperation with other Group entities (the Energy Europe & International business line in particular);
- investing in upstream LNG infrastructures (onshore or floating liquefaction plants) to access resources and in downstream infrastructures (regasification terminals);
- creating added value by physically and financially optimizing the portfolio and by seizing opportunities linked to price differences between markets (arbitrage), with the support of Gaselys.

2.1.3.9 Gaselys

With the increasing role of open markets in the energy economy, in terms of physical volumes traded and the use of derivatives for hedging purposes, trading becomes an essential link in the gas/electricity value chain.

Gaselys, a subsidiary of GDF SUEZ (51%) and Société Générale (49%), was incorporated in 2001 and is one of the leading players in European natural gas trading.

Gaselys is active in the main European markets (organized and over-the-counter markets). Due to interactions between the various energy families – involving industrial substitution or complementarity – the company trades all the components of the mix, in physical and financial form for natural gas and electricity, and in financial form for oil and refined products, coal, and CO_2 emissions.

On the basis of this dual expertise - industrial and financial - the Group offers three broad types of services:

- access to Europe's traded markets, on any maturity basis, from intraday to multi-calendar terms;
- risk management in the form of hedging to manage the price risk resulting from fluctuations in energy prices;
- asset optimization solutions for physical assets (storage, transmission and production capacity flexibility management) or contractual assets (flexibility in purchase or sale contracts of natural gas or electricity).

A business unit in the Global Gas & LNG business line, Gaselys works in close cooperation with the other entities of the business line as well as with other GDF SUEZ business lines, contributing to enhance the competitiveness of the various segments of the Group's business upstream and downstream. Continually striving to find innovative market solutions, Gaselys also develops its own customer franchise to which it offers a continually wider range of diversified services.

1. Gaselys contributes to optimizing GDF SUEZ's portfolio of gas resources in Europe:
   - exploration-production: financial strategies to hedge gas and oil production, access to gas markets (selling uncontracted volumes, buying replacement gas) and helping construct financing for purchasing production assets;
   - gas supply: help in optimizing the long-term portfolio through buy/sell transactions on physical European hubs for balancing and arbitrage, financial management of indexations, and deriving value from residual flexibility;
   - LNG: hedging for LNG spot transactions, thanks to its ability to deal in European, American (gas nat Nymex, basis) and Asian (Japanese Crude Cocktail) markets.
2. Gaselys develops price engineering solutions for GDF SUEZ's European Key Accounts.

   Together with the key account sales teams Gaselys designs innovative price engineering offers (risk management) that allow them to embed hedging solutions in natural gas supply contracts that are adapted to the risk profiles of major industrial groups - fixed prices, indexed prices, price structures that include buy or sale options.
3. Gaselys also rolls out the range of products and services developed for Global Gas & LNG to other GDF SUEZ business lines:
   - hedging of electricity production for the Group's plants in France and the United Kingdom: "spark spread", "dark spread", "tolling", including carbon-neutral solutions;
   - price engineering for other customer segments (France): Gaselys enables Energy France business line to offer business customers various price structures (fixed or indexed) and offer private consumers fixed price deals for one or more years;
   - market solutions for the Energy Services business line, for European subsidiaries in charge of energy production, distribution, marketing, etc.
4. In addition, Gaselys is developing its own customer franchise for upstream to downstream players, producers to large consumers, and for financial institutions.

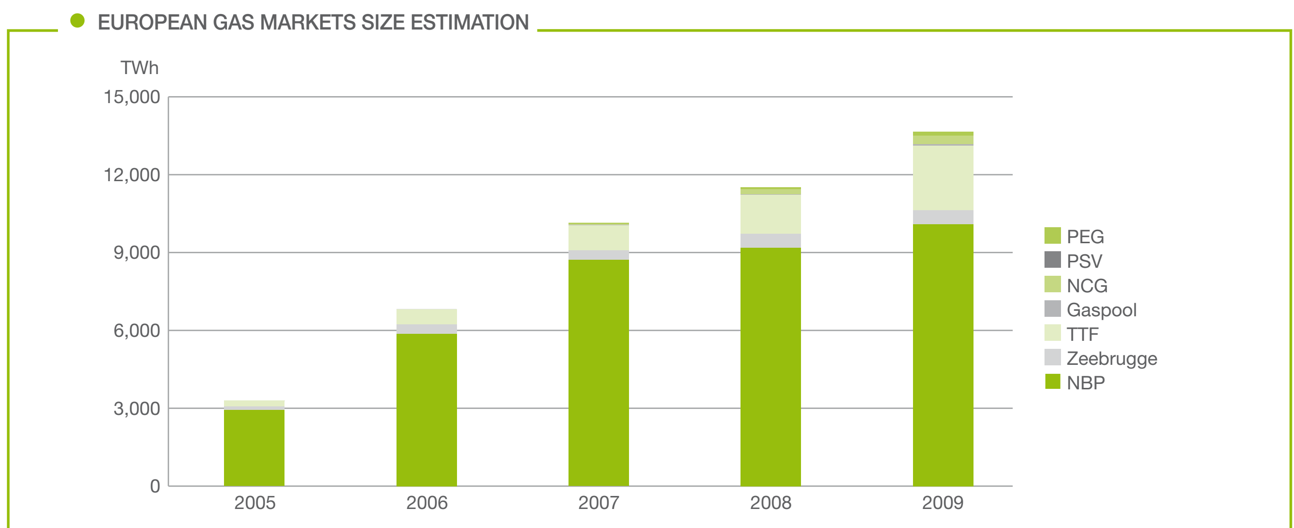
5. Lastly, Gaselys undertakes, within strict limits, proprietary trading and asset backed trading. The objective is to arbitrage price discrepancies between the various underlying energies (gas, electricity, oil and coal) and to capitalize on anticipated price movements.

Markets continue to grow in Europe despite a decline in energy consumption

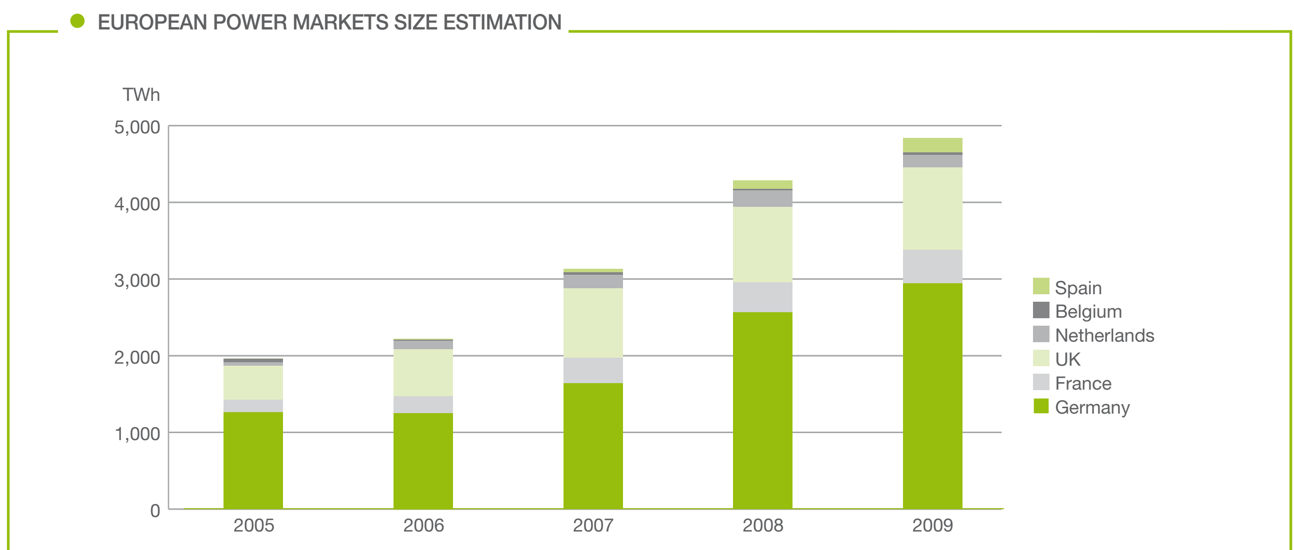
In 2009, the economic crisis led to a decline in energy demand in Western Europe. This reduction in consumption, combined with increased supply – in particular LNG in the gas market – has contributed to keeping gas and electricity prices low compared to previous years. The market prices of gas broke away significantly from the reference long-term indexed oil prices.

In this context of falling demand, continental European gas markets continued to grow, with higher transaction volumes in 2009 than in 2008. The competitiveness of the gas market and the reduction in the number of trading zones in Germany and France contributed to growing liquidity. Volumes traded on electricity markets also increased, but to a lesser extent.

EUROPEAN GAS MARKETS SIZE ESTIMATION



EUROPEAN POWER MARKETS SIZE ESTIMATION



Source: Brokers and Gaselys

Gaselys continues to grow the volumes of cleared OTC transactions, i.e. bilateral transactions with counterparties settled through a clearing house, to reduce exposure to credit risk.

Positions in European markets

Natural gas

Gaselys contributes to the liquidity of the main European hubs: NBP in the United Kingdom, the Zeebrugge hub in Belgium, TTF in the Netherlands, EGT via OTC and EEX in Germany, PEG and Powernext Gas in France, Baumgarten (*Central European Gas Hub*), PSV in Italy.

In 2009, Gaselys was one of the first traders in the new Gaspool hub, a virtual trading platform created in October and bringing together the transmission companies Gasunie Deutschland, DONG, ONTRAS-VNG, Wingas Transport and StatoilHydro Deutschland.

It trades as a market maker on the Powernext Gas exchange created in November 2008.

It also trades natural gas on Nymex in the United States, to financially optimize the transatlantic arbitrages.

Electricity

Gaselys is developing its positions in the electricity markets: United Kingdom (in particular UK Power Exchange), France (in particular Powernext and EPEX Spot), Germany (in particular EEX), Belgium (in particular Endex and Belpex), the Netherlands (Endex and APX) and Spain (OMEL).

Oil

As gas contracts are indexed to oil products, Gaselys trades these products, on a financial basis only, to manage GDF SUEZ's and its customers' exposure to movements in these underlying prices (crude or refined oil in Europe, the United States and Japan Crude Cocktail in Asia).

Coal

Coal indexation is also a price component that Gaselys trades for hedging purposes (north-west European market and other references).

CO_2

To manage its customers' emission constraints, Gaselys deals EUAs (European Union Allowances) and CERs (Certified Emission Reductions).

Green certificates

Gaselys can offer "green" electricity based on the Renewable Energy Certificates System and guarantees that the sources are European.

Governance and risk management

Gaselys's governance largely reflects its dual connection with GDF SUEZ and Société Générale, which have a strong hand in overseeing the subsidiary's activities[1].

Risk policies, control and monitoring are supervised and steered by the Board of Directors, composed of directors of the business line and the financial director of each parent company. The Board has set up several control committees that ensure that business is conducted in accordance with its objectives: the audit committee, the risk committee and the new product committee.

In addition, at the time it was incorporated, Gaselys was granted the status of Investment Services Provider (PSI) by the French *Comité des Établissements de Crédit et des Entreprises d'Investissement* (CECEI) and is therefore regulated by the *Commission Bancaire* (*Banque de France*) and the French financial markets authority *(Autorité des Marchés Financiers* - AMF).

Gaselys has thus developed a sound culture of risk control involving the measurement, management and strict control of market, credit, liquidity, operational, and regulatory risks. It continuously structures and reinforces its support functions and internal processes to base its development on secure footings.

Gaselys's team of risk managers monitors **market risks** on a daily basis (commodity prices, FOREX rates and interest rate risks) and **physical risks** (asset failure risks). The market risk indicators are based on VaR (value at risk) and stress test models.

In terms of **credit risk**, the parent companies set the policies and grant credit lines party by party. The limits set up are based on the Credit Value at Risk model. Credit exposure can be reduced using various tools: netting contracts and margin calls, obtaining first call guarantees and parent company guarantees, transaction clearing, etc.

Operational risks are assessed and managed by a specialist team. Periodic reviews and failure analyses ensure systematic improvement in internal procedures.

Liquidity risk is covered by credit lines and shareholder lines. It is assessed by stress tests. Surpluses are invested in highly liquid products. In 2009, liquidity risk was higher due to high market volatility, the increased use of stock markets and margin calls in cash in response to credit-risk aversion. In this context, Gaselys enhanced its treasury forecasting and liquidity stress test process.

The risk-exposure limits defined for Gaselys' activities are measured and monitored daily, and General Management and the Risk Committee are automatically notified if a limit is overrun.

In accordance with the Basel II regulations, Gaselys monitors on a daily basis the regulatory capital requirements arising from its market risks, credit risks and operational risks exposure, and reports these figures to the French banking commission.

Internal Control and Compliance regularly checks that staff are complying with the rules and procedures in effect in all operations (in particular, the principle of separation of tasks, delimitation of

(1) *The shareholders' agreement provides for a periodic reassessment of the partnership. Under this agreement, options for either party to exit the agreement are applicable in the first half of 2010. The Group has options to buy securities held by Société Générale, exercisable between March 15 and April 30, 2010, and the Société Générale Group has options to sell the same securities exercisable between May 1 and June 15, 2010. The exercise price is based on the net income of Gaselys.*

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responsibilities, and consistency of information). In addition, the head of internal control and compliance is in charge of carrying out control missions and ensuring the follow up of the control and audit missions' recommendations. The Credit department is in charge of organizing anti-money laundering procedures and carrying out due diligence when entering into a relationship with a third party.

The internal control and compliance manager has developed a code of conduct and an ethics charter that combine the rules of good conduct and principles that every Gaselys staff member must respect. It informs, advises and assists staff and ensures that these rules are followed.

The efficiency of the risk control framework is regularly tested in audits supervised by the parent companies' auditors and the banking supervisory authorities.

Finally, as a leading European energy trader, Gaselys plays an active role in professional associations and working groups (ISDA, EFET, etc.)[(1)], to promote best practices and work towards a secure and harmonized European trading environment.

2.1.3.10 Key accounts sales BU

Principal key indicators

- The Key Accounts Sales business unit sold 200 TWh of natural gas in 2009, in line with 2008.
- More than 300 customers in over 1,000 sites across continental Europe make up the Key Accounts gas segment.
- Sales were concluded in Germany, Austria, Belgium, Spain, France, Italy, Luxembourg and the Netherlands. Sales in Benelux and France represented close to 73% of volumes sold compared to 80% in 2008. The business unit opened a subsidiary in the Czech Republic in 2009. The first gas deliveries are expected in early 2010.

CHANGE IN GAS VOLUMES SOLD BY COUNTRY (INCLUDING INTRA-GROUP SALES)

TWh	2007	2008	2009
France	94.7	105.9	94
Belgium and Luxembourg	20.7	23.7	25.7
Netherlands	20.8	25.9	27.7
Italy	21.5	24.7	24.9
Spain	5.1	2.2	4.1
Germany	9.5	16.1	22.3
Austria	-	0.3	1.3

Volumes sold in 2009 were generally in line with 2008. Continuing growth in sales in Europe offset the decline in sales in France. In 2009, the economic crisis hit the whole of the portfolio. It was reflected in a decline in customers' businesses, and thus lower gas consumption and financial difficulties. Nevertheless, the Key Accounts Sales BU posted no major payment defaults.

The BU's missions

The Key Accounts Sales BU is in charge of marketing energy offers (natural gas and electricity) and related energy services to the Group's European Key accounts.

In a constantly changing environment, it performs competitive watch on its markets, defines the sales positioning by customer segment and prepares offers that fit its customers' needs while anticipating market developments.

It puts together complex, customized offers, in particular dealing with energy optimization, contributing to its customers' economic performance.

It coordinates sales action for large pan-European accounts in close cooperation with sales teams from the Energy Europe & International and Energy France business lines. Local sales teams based in Europe ensure the business unit stays geographically close to its customers.

Description of activity

The Group's customers belong to the Key Accounts category, which is segmented as follows:

- priority target:
  - pan-European accounts: these are large European groups (mainly industrial groups) present in at least two of the countries served;
  - large national customers.
    These customers have special behavioral characteristics: they have a European energy purchasing structure and/or need complex tailored offers;
- additional targets:
  - distributors,
  - electricity producers.

Overall, there are 600 large accounts (250 customers and 350 prospects). They are listed in a file that is regularly updated by the three Group business lines in charge of commercialization on this segment.

GDF SUEZ offers these clients tailor-made offers that include the sale of gas and electricity, as well as:

- risk management and price engineering offers, primarily based on the Gaselys trading subsidiary's expertise. The Key Accounts Sales BU is therefore able to offer its customers fixed or indexed prices for a determined period, as well as services that allow them to dynamically manage their energy purchase prices throughout the year;
- offers that combine energy and performance optimization, supported by the Energy Services business line, such as:
  - the management or optimization of heating installations or energy consumption installations to accompany gas sales,
  - combined gas and electricity sales, possibly including steam, by optimizing the decentralized electricity production assets that clients may have or wish to obtain. In the latter case, the offer includes, if needed and often as a partnership, the construction, financing and operation of electricity production units (cogeneration, trigeneration, or even combined cycles).

Following the GDF SUEZ merger, a cross-business line sales organization was set up to jointly market energy and related services to these very large customers, under a single brand, GDF SUEZ Global Energy (cf. infra).

Competitive position

Through its offers to industrial and commercial customers, GDF SUEZ has kept a substantial market share in its traditional markets and has established itself as a major new player in continental Europe's largest markets. The GDF SUEZ Group is now a leading player on the European markets.

The penetration rate in various markets varies depending on a number of factors, including the regulatory framework as well as the actual ability to access the transmission infrastructures necessary to route the gas.

MARKET SHARE*

	2009	2008
Germany	3%	2%
Belgium	20%	20%
Spain	3%	1%
France	51%	59%
Italy	14%	10%
Netherlands	9%	7%

* *Market share: the volume of natural gas sales in the GDF SUEZ Group's Key Accounts Sales segment as a proportion of total estimated natural gas volumes sold in this segment in the given country (the latter estimate made by the Key Accounts Sales BU in 2005).*

Source: GDF SUEZ

Development strategy

Sales outside France will be the major growth driver for sales to major industrial and commercial customers.

The merger of Gaz de France and SUEZ made it possible to launch the GDF SUEZ Global Energy brand in early 2009, with a specific focus on this customer segment. Customers now have a brand that provides them with natural gas and electricity offers and related energy services on a European scale. They will thus benefit from the reliability and diversity of supply that a major European gas importer can provide as well as access to electricity production that is balanced and competitive. This brand will be carried by the Global Gas & LNG Business Line and by the Energy Europe and International and Energy France business lines. Customers who currently have an electricity contract will be encouraged to buy natural gas and vice versa.

Income from these sales will continue to be posted for each business line, and only natural gas sales will be included in the Key Accounts Sales Business Unit's income statement in the Global Gas & LNG business line; income from electricity sales will be included in the other Business Lines' financial statements (Energy France and Energy Europe & International).

The Key Accounts Sales business unit is continuing to grow in Europe by marketing gas in new countries. Case in point, after Austria in 2008, a new subsidiary was opened in the Czech Republic. Three new contracts (for some 1.5 TWh) were signed in this country in 2009, with deliveries set to start in early 2010.

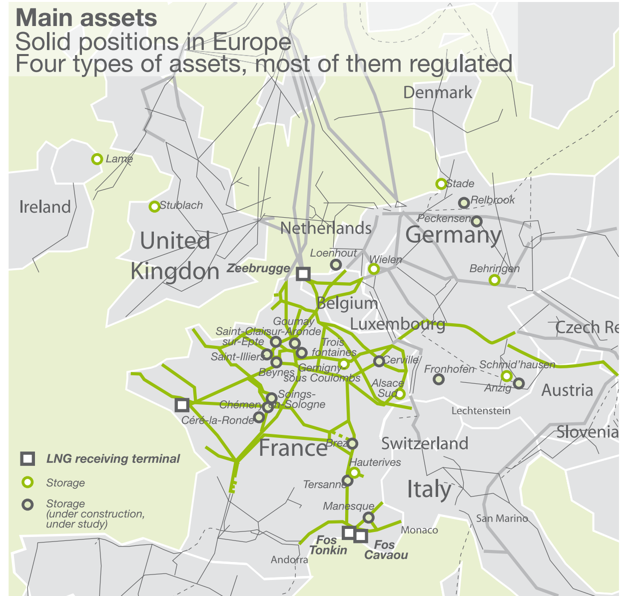
2.1.4 INFRASTRUCTURES

2.1.4.1 Mission

The Infrastructures business line combines in a coherent body the Group's gas infrastructures in France, through four specialized subsidiaries in transmission, storage, LNG terminals and distribution, as well as storage subsidiaries in Germany and the United Kingdom. The business line also manages the Group's holdings in transmission companies in Germany (MEGAL), Austria (BOG) and Belgium (Fluxys).

Their combined positions make GDF SUEZ Group one of Europe's leading players in the gas infrastructures sector.

Its business model guarantees it steady, recurring revenues and cash flow that contribute effectively to the financial stability of the GDF SUEZ Group.



In 2009, GDF SUEZ Infrastructures accounted for 21.7% of the Group's EBITDA.

2.1.4.2 Strategy

The Infrastructures business line aims to:

- develop infrastructures to support the development of European natural gas markets while encouraging supply flexibility through multiple sourcing thereby making natural gas more competitive and securing supply;
- facilitate the sharing of best practices in each business and within the business lines, as well as the best information systems and the best technologies;
- guarantee the business line's human resources expertise and needs on a lasting basis;
- achieve excellence in safety and reliability.

The business line estimates that it will invest an annual €1.5-2 billion over the next 10 years to achieve its ambitions.

2.1.4.3 Organization

Within the GDF SUEZ Infrastructures business line, until the end of 2008 its LNG storage and LNG terminals activities were organized as two business units, grouped within the Large Infrastructures division.

By managing French LNG terminals separately, the Group is complying with its commitment to the European Commission under the measures imposed in the Gaz de France-SUEZ merger. In addition to this commitment, GDF SUEZ chose to separate out its storage activity at the same time.

Since December 31, 2008, the subsidiary Elengy is responsible for the development, operations, sales and marketing of LNG terminals. Similarly, the subsidiary Storengy is now responsible for the development, operation, sales and marketing of storage facilities. These two subsidiaries are public limited companies (*sociétés anonymes*) each with a Board of Directors and are wholly owned by GDF SUEZ. Storengy Deutschland and Storengy UK are respectively responsible for the business line's corresponding activities in Germany and the United Kingdom.

This new structure reflects GDF SUEZ's ambition to develop its activities in an integrated way, within the Infrastructures business line, alongside GRTgaz and GrDF which are the subsidiaries who are responsible for managing the transmission and distribution networks, respectively. These activities within the Infrastructures business line are structured as four independent public limited companies (*sociétés anonymes*), wholly owned by GDF SUEZ:

- GrDF builds, maintains and develops the distribution network in France;
- GRTgaz manages the transmission network (pipelines and in-line compression stations) in France, and oversees GDF SUEZ's other subsidiaries and its stakes in European transmission infrastructures: GRTgaz Deutschland or GDF DT and Megal in Germany, BOG in Austria, Fluxys in Belgium;
- Storengy manages storage sites in France and oversees GDF SUEZ's other storage subsidiaries in Europe;
- Elengy builds, maintains and develops the Montoir and Fos Tonkin LNG terminals and markets the associated capacities. Elengy also holds the Group's equity interests in Société du Terminal Methanier de Fos Cavaou (STMFC) and will operate the Fos Cavaou terminal.

Each subsidiary has its own means to manage its activities.

Support services (work contract management, accounting, general services, IT and purchasing) are provided by five shared service centers (SSC) which are grouped into one operating unit dedicated to the Infrastructures business line.

Governance

Storengy, Elengy, GrDF and GRTgaz each have a Board of Directors and Management Board. Each Board of Directors is made up of 12 members, nine of whom are appointed by the General Shareholders' Meeting, with two of them being independent directors and three of them staff representatives. The Chief Executive Officer is a corporate officer and is the subsidiary's sole operational manager.

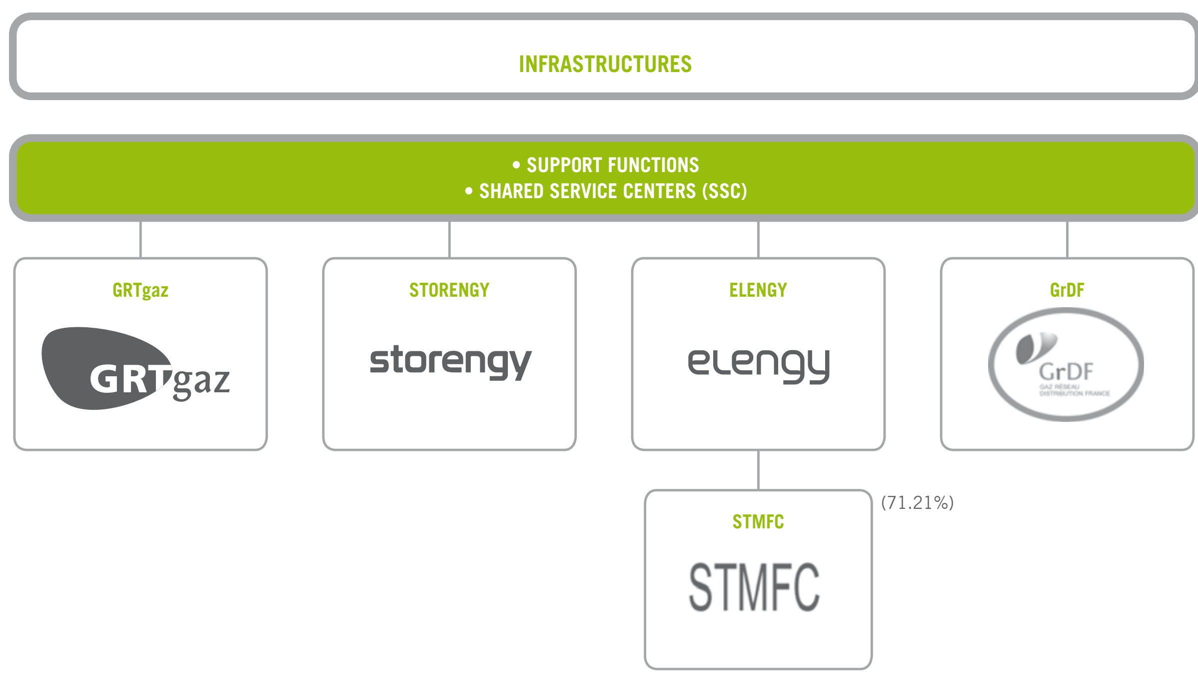
Inter-subsidiary services provided by the SSCs or the parent company are covered by contracts.

The business line's operational unit acts as employer for the five shared service centers. Each SSC has a Management Board that includes the SSC's customers (GRTgaz, GrDF, Storengy and Elengy) and is chaired by one of the customers. Each Management Board defines service levels in response to customer needs and assigns the respective SSC resources. It manages and controls the service, using key performance indicators in coordination with each customer.

As a management entity, the business line manages the Group's interests in the following subsidiaries:

- natural gas transmission in Belgium (including its stake in the terminalling company), Germany and Austria;
- storage in Germany, the United Kingdom and Canada;
- local natural gas distribution companies in France;
- electricity transmission in Belgium (for the record).

Diagram showing the main subsidiaries of the Infrastructures business line



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2.1.4.4 Key figures

2008 pro forma figures, in millions of euros	2009	2008	Total change (%)
Business line revenues	5,613	5,498	+2.1%
Revenue contribution to Group	1,043	896	+16.4%
EBITDA	3,026	2,878	+5.1%

The Infrastructures business line manages the following, through independent subsidiaries:

- Europe's largest natural gas transmission network (32,200 km in France plus 5,173 km[1] of network in the rest of Europe with equity stakes in several European transmission companies, in Belgium, Germany and Austria);
- Europe's largest natural gas distribution network (190,834 km in France);
- the 3rd largest natural gas storage capacity in Europe (10.75 billion m^3);
- the 2nd largest LNG receiving and regasification capacity in Europe.

The Infrastructures business line had a workforce of 17,341 as of December 31, 2009.

Its activities make GDF SUEZ Group the largest gas infrastructures operator in Europe. The Group is in fact the European leader in transmission and distribution activities. It is also the only European group to rank among the top 3 in the four infrastructure activities (transmission, distribution, LNG terminals and storage)[2].

2.1.4.5 Highlights

January

- Elengy, Storengy and GRTgaz took action to overcome major falls in supplies during the Russia-Ukraine gas dispute and meet the French gas demand in a context of intense cold. GRTgaz saw natural gas supplies virtually interrupted at the entry point of Russian gas and was proactive, in liaison with all gas suppliers in France, in ensuring the normal routing of natural gas to France. The Storengy storage facilities as well as LNG terminals in Montoir and Fos were in high demand. During this period, stored supplies were used to meet on average 50% of the gas demand, and the two terminals supplied 20% of the gas consumed in France.

March

- Storengy auctioned a new commercial offer, resulting in the entire proposed capacity (12 TWh) being sold to 13 different companies, for the period April 1, 2009 to April 1, 2010. The sale was open to all players in the market and conducted on a secure electronic platform.

April

- Storengy UK was presented with the Gas Industry Safety Award at the annual awards ceremony of the UK gas industry, for its excellent safety record.

May

- GrDF launched a single help desk number for gas safety and breakdown repair (0800 47 33 33), which is shown on all invoices produced by suppliers. This number puts the caller in contact with the GrDF's Gas Safety & Repair Call Center and 900 operators who ensure intervention free of charge as rapidly as possible.

July

- The LNG terminal at Montoir-de-Bretagne obtained a level 7 ISRS certification for its safety management system, thus becoming the first industrial site in France to attain this level of ISRS certification.

September

- Elengy launched a consultation process for its Fos Tonkin terminal. The open season for regasification capacities after 2014, which will be transparent and non-discriminatory, applies to its capacities which could be as much as 7 billion m^3 per year and will run until April 2010.
- GrDF signed a framework agreement with the French Environment and Energy Management Agency, ADEME. This agreement is to implement joint action in four areas: the development of natural gas solutions, energy management, energy policy, and training.

October

- The Fos Cavaou LNG terminal received its first cargo of liquefied natural gas (LNG). This cargo is intended for the "cold running" operation which consists of taking the facilities from ambient temperature to -160°C. The first volumes of gas were injected into the GRTgaz network in November.

(1) Total length of transmission network in Germany (Megal, 1,088 km), Austria (BOG, 285 km) and Belgium (Fluxys, 3,800 km).

(2) Source: Internal benchmark produced from 2008 public-domain data.

- GRTgaz published the 4th edition of its prospective study of the development of the transmission network (2009-2018). It confirms steady demand for new transmission capacities. GRTgaz should continue developing its transport infrastructures and offer, in time, a significant increase in network entry and exit capacities.
- GrDF launched the first low consumption wooden house using natural gas. Within the framework of the *Grenelle de l'Environnement* recommendations, GrDF is supporting its customers in creating low-energy houses that combine natural gas and renewable energies, are better heated, better insulated and very economical.

December

- GRTgaz started using the Powernext Gas Spot exchange to cover part of the transmission system's balancing needs. The purpose of these transactions is to promote liquidity on the gas exchange and to improve the quality and transparency of the reference prices used to balance the transmission system.

2.1.4.6 Storage activities

Adequate storage facilities are necessary to guarantee continuous supply throughout the year in the face of unexpected weather conditions, market fluctuations and supplier defaults. The natural gas quantities delivered throughout the year cannot be modulated adequately to adjust to demand, which can vary from season to season. Surpluses received in the summer must therefore be stored to be available when cold weather arrives.

Storage has also become one of the flexibility tools used to meet some customers' requirements, which may vary from week to week (due to temperature changes) or day to day (weekday demand being different from weekend).

Lastly, storage can help optimize gas power plant management, although with certain physical limitations, and help develop arbitraging as geographic opportunities arise.

Underground natural gas storage

France

The GDF SUEZ Group is one of the leaders in underground storage in Europe in terms of storage capacity.

As of December 31, 2009, in France Storengy operated:

- twelve underground storage facilities (of which 11 were wholly-owned, one of which with two storage structures). Nine of these storage facilities are in aquifers (total useful storage volume 8.9 billion m^3) and three are in salt caverns (total useful storage volume of 1.0 billion m^3);
- fifty compressors with a total power of 213.5 MW, necessary for the withdrawal and injection of natural gas;
- facilities for processing gas and for interconnection with the transmission networks.

Germany

Storengy Deutschland GmbH, created at the end of 2007, operates four storage facilities with a total useful capacity of 600 million m^3. Of this capacity, 320 million m^3 is marketed by the company and accounts for 2% of the German market. Through an ambitious investment program, Storengy Deutschland is looking to develop several storage projects in salt caverns and depleted fields. In 2008, all the new capacity to be developed for the Peckensen storage facility (some 180 million m^3) was successfully marketed through long-term contracts and a non-discriminatory, transparent bidding process. In 2009 two new development projects were scoped, one for salt caverns at Ohrensen and one for depleted mines at Behringen.

United Kingdom

Storengy UK Ltd., wholly owned by the Group, was created in 2007 to build and market the Stublach salt cavern storage project in Cheshire. The total planned capacity is 400 million m^3 of useful volume, which will make it one of the largest facilities in the United Kingdom. The first capacities should be marketed in 2013. Work began at the end of 2007 and the washing out of caverns began on schedule in October 2009. The UK gas and electricity regulator Ofgem (Office of the Gas and Electricity Market) granted it a third-party access exemption for phase 1 of the project.

Belgium

The Group holds a 38.5% stake in Fluxys, which operates the Loenhout storage site. This underground aquifer storage facility represents a useful volume of 650 million m^3 of natural gas.

Canada

Storengy is also active in Quebec through an indirect 49% stake in Intragaz. As of December 31, 2009 Intragaz operated two underground storage facilities developed in former natural gas fields:

- Pointe du Lac, with a capacity of 20 million m^3;
- Saint Flavien, with a capacity of 100 million m^3.

Legal and regulatory framework for storage activities in France

Underground storage facilities are subject to mining law and can only be operated under a concession that determines the scope and the geological formations to which it applies. Concessions are granted by a Council of State decree after a public inquiry and a competitive tender process. The holders of underground gas storage licenses must operate them in a manner compatible with the safe and effective functioning of the interconnected natural gas networks.

GDF SUEZ holds mining rights that it farms out[1] to its subsidiary Storengy, which operates them and thus holds the corresponding authorizations. This arrangement was approved by the Minister of Energy.

(1) *Farm out: Under mining law, this signifies an agreement under which the party holding the mining license (the State or the concessionaire) leases the mine to a third party in exchange for a fee.*

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The Law of August 9, 2004 provides for negotiated access to storage facilities for authorized suppliers. Storage operators are required to publish the general terms of use of such facilities.

The same Law, and the Decree 2006-1034 of August 21, 2006 set the access priorities for storage facilities. The same Decree sets out the conditions for granting and assigning storage capacity access rights and their distribution, and requires the authorized supplier or agent to maintain sufficient stores, such that on October 31 of every year they have enough natural gas to supply their customers from November 1 to March 31. An annual decree sets the corresponding storage rights. Thus, the Decree of January 20, 2009 updated, for the year 2009, the Decree of February 7, 2007 on storage rights and profiles.

Lastly, according to the Law of August 9, 2004, access to storage facilities can only be refused on the following grounds:

- lack of capacity, or technical reasons relating to the integrity and safety of the storage facilities;
- an order of priority set by the Minister of Energy to ensure compliance with public service obligations;
- evidence that access is not necessary from a technical or economic standpoint to supply customers in accordance with the contractual conditions.

Access to storage facilities

In April 2004, the Group introduced third-party access to storage in France. Third parties wishing to use Storengy's underground storage capacity to cover their end customer supply requirements have access to the six storage groups. These groups are set up to take into account the characteristics of each storage facility based on the nature of the gas stored, its performance (withdrawal speed) and its geographic location.

In addition, Storengy regularly makes available to markets, capacities beyond those strictly necessary to cover suppliers' storage rights. In 2009, two such sales were conducted successfully on an auction basis. These provided the opportunity to market new products such as multi-year capacities or a "virtual multi-cycling" offer in the southern region: Saline Multi. This process will be repeated in 2010. In 2008 Storengy Deutschland GmbH also initiated a process to auction capacity in the German market.

Storage access prices

Storengy's offer is based on principles relayed to the Ministry of Energy and the CRE. "Negotiated" storage access prices are set by the storage players. Pricing varies according to the technical capacities of the tanks, the basic storage service and the type of additional operating services selected. Auctioning available capacity on the open market allow pricing to be checked. Storengy publishes these prices on its website.

Competitive factors

Storage is one solution to allow customers to cover fluctuations in consumption and the market's load matching requirements. Storengy's storage options compete with various other solutions, such as implementing supply flexibility, or managing demand (via a portfolio of customers whose service can be interrupted, for example). It should be noted that various changes underway throughout Europe, such as the development of gas hubs and the increase in gas pipeline transmission network capacities, will increase competition in the load matching market.

In 2009, Storengy marketed capacity to 26 customers, selling 112.7 TWh, of which 107.0 TWh were under access rights.

Storage strategy

Storage development requires considerable long-term investment.

Storengy envisages an average annual investment of some €300 million in France and internationally.

2.1.4.7 LNG terminal activities

LNG terminals are port facilities that allow LNG to be received and liquid natural gas to be regasified (changed from liquid state to gas).

Elengy is the 2nd largest European LNG terminal operator (source: GIIGNL). It was also one of the first to receive LNG starting in 1965. It develops and operates these facilities and markets their capacity.

The annual regasification[(1)] capacity of the two terminals Fos Tonkin and Montoir-de-Bretagne as of December 31, 2009 was 17 billion m^3. After coordinating its construction, Elengy will operate the Fos Cavaou LNG terminal, in which it will have a 71.21% stake representing an annual regasification capacity of 8.25 billion m^3.

Brought into service in 1972, Fos Tonkin is located at Fos-sur-Mer on the Mediterannean coast and receives LNG primarily from Algeria and Egypt. It has a regasification capacity of 5.5 billion m^3 a year, which was temporarily increased to 7 billion m^3 at the end of 2005, plus a wharf that can accommodate ships transporting up to around 75,000 m^3 of LNG, as well as three tanks with a total capacity of 150,000 m^3. It will return to a capacity of 5.5 billion m^3 when the new Fos-Cavaou terminal comes into service.

Montoir-de-Bretagne, which was brought into service in 1980, is located on the Atlantic coast and receives LNG from various sources including Algeria, Nigeria, Egypt, Trinidada and Tobago, Qatar, and Norway. It has a regasification capacity of 10 billion m^3 a year, two wharves that can accommodate ships transporting up to around 220,000 m^3 of LNG and three tanks with a total capacity of 360,000 m^3. Following an open season process to extend terminal capacity, it was decided to launch a project to renovate the terminal's capacity, with a view to operating it at its current capacity until 2035. A new consultation procedure to extend its capacity will be launched in 2010.

(1) A terminal's regasification capacity is the quantity of natural gas, expressed in terms of volume of gas, that the terminal can, over a given period, receive in the form of LNG and inject into the adjacent transmission network in a gaseous state.

Fos-Cavaou, at Fos-sur-Mer on the Mediterranean coast, is the third LNG terminal that the Group is building in France to meet growth in the LNG market. This terminal received its first LNG cargo on October 26, 2009, which allowed it to start "cold running". The first injection into the transmission network was November 13, 2009 and the first commercial cargo was delivered in early April 2010, once several months of testing completed. It will have a regasification capacity of 8.25 billion m³ a year, a wharf that can accommodate the world's largest existing LNG tankers and three tanks each with a capacity of 110,000 m³. This terminal is owned by a dedicated subsidiary, Société du Terminal Methanier de Fos-Cavaou (STMFC) in which Elengy holds a 71.21% stake, and Total Gaz Electricité Holding France SAS holds a 28.79% stake. GDF SUEZ has subscribed regasification capacity of 5,175 billion m³ a year, and Total has subscribed 2.25 billion m³ a year. In addition, the remaining terminal capacity (10% of the total, or 0.825 billion m³ a year), reserved for short-term operations, was subscribed in June 2007 for a three-year period, under an open-season offer.

The GDF SUEZ Group also holds a stake in the Zeebrugge terminal. Fluxys operates and markets the terminal's capacities (9 billion m³).

The legal framework of regasification activity in France

LNG regasification does not need to be authorized. However, an LNG terminal is a facility subject to classification for environmental protection purposes (Seveso facilities) and, therefore, its operation is subject to a specific authorization by the prefecture. These authorizations were granted to Elengy, by prefectoral decree, on December 22, 2008 for the Fos-sur-Mer sites and on December 19, 2008 for Montoir-de-Bretagne. An Administrative Court subsequently annulled the operating authorization for the Fos Cavaou terminal. Although Elengy has launched an appeal against this ruling, the appeal process does not suspend the annulment in the interim. However, the Court has authorized the terminal to operate at 20% capacity until it obtains new authorization.

Access to LNG terminals

The Group opened access to its LNG terminals to third parties in August 2000. The access tariffs, general terms and conditions, and allocation rules are available on the Internet.

After the European Commission in December 2009 accepted the commitments proposed by GDF SUEZ to help open up the French market, Elengy will make available 1 to 2 billion m³ a year of capacity at its Montoir terminal from October 2010. A further 2,175 billion m³ a year will be opened up to the market from January 1, 2011 at the Fos Cavaou terminal.

Access pricing to LNG terminals

Access tariffs to LNG terminals are regulated. They are set in accordance with provisions that incorporate the same general principles as those applicable to the access tariffs for the transmission network, namely, the application of a rate of return to an asset base recognized by the CRE (called the regulated asset base or RAB), and the incorporation of annual amortizations and operating expenditures. The tariff in effect until December 31, 2009 was set by Ministerial decree on December 27, 2005. It was based on the CRE rate proposal of October 26, 2005. It applied to both existing terminals, Fos Tonkin and Montoir-de-Bretagne.

New access tariffs to LNG terminals were specified by the Decree of October 20, 2009 formally approving the CRE rate proposal of July 16, 2009. These new tariffs, varying between terminals, were set for a three-year period, for Montoir de Bretagne and Fos Tonkin from January 1, 2010, and for Fos Cavaou from the date it comes into commercial service. The total regulated asset base was €1,225 million on January 1, 2010.

The rate of return accepted by the CRE varies according to the age of the investment. The applicable rates of return are 9.25% (real [(1)] pre-tax) for assets put into service before January 1, 2004, 10.5% (real, pre-tax) for assets put into service after January 1, 2004 and decided prior to December 31, 2008, and 9.25% (real, pre-tax) for other assets. A 2% premium is applied to future investments to allow for capacity development and a rate of return is established for existing investments.

The regulated assets base consists primarily of unloading equipment and support facilities, regasification facilities, civil engineering work and buildings, and tanks.

To determine annual fixed costs, the CRE applies the straight-line depreciation method over 20-40 years to the various components of the LNG terminals. Most of the assets are depreciated economically over 40 years.

The rate formula with effect from January 1, 2010 uses five variables: The number of offloads, the quantities offloaded, the regasification capacity usage, and the ”gas in-kind“ figure, along with a seasonal adjustment (called the regularity variable) as an incentive to distribute deliveries uniformly from one season to the next.

The subscription agreement includes a minimum payment obligation for the subscriber that is equal to 95% of the annual commitments, excluding any in-kind amount, based on the quantities offloaded and the number of offloads subscribed per terminal.

There are three standard services offered: a ”continuous“ service, a ”band“ service and a ”spot“ service.

Also, the possibility of carrying out reciprocal LNG trades and of entering into a secondary market for regasification capacities provides users with additional flexibility at each terminal.

The LNG terminal activities strategy

Elengy has a three-fold strategy:

- to develop new operational capacities, in particular by offering new capacities at Fos Tonkin and Montoir;

(1) *This rate is applied to revalued assets. The revaluation index used is the consumer prices index excluding tobacco calculated by the French statistics office (INSEE).*

- to optimize the use of existing facilities by bringing Fos Cavaou into commercial service scheduled for the first half of 2010, and to strive to maximize the marketable capacities of Montoir and Fos Tonkin;
- to mobilize and develop the skills in the organization needed to achieve the above ambitions.

This strategic plan for the period 2009-2016 has already seen important projects implemented. A subscription call was launched to offer market players capacities resulting from the prolongation of the Fos Tonkin terminal past 2014. Projects to develop Montoir capacities will be launched once GDF SUEZ has completed its operation to make capacities there openly available, if that garners sufficient interest.

2.1.4.8 Distribution activities

GrDF is a wholly owned subsidiary of GDF SUEZ charged with developing, operating and maintaining natural gas networks, investment policy, managing concession contracts, as well as providing to third parties transparent and non-discriminatory access to distribution networks.

In the interests of structural continuity and while respecting the separation between EDF and GDF activities, their respective subsidiaries GrDF and ERDF have set up a joint service division in accordance with the provisions of the Law of August 9, 2004.

GrDF

As of December 31, 2009 the French distribution network operated by GrDF was the longest in Europe[(1)], at 190,834 km. Virtually all French municipalities with a population of more than 10,000 in the service area are connected to this network. GrDF's networks include some 11.1 million delivery points[(2)] in 9,340 communities serviced by natural gas, representing some 77% of the population of France[(3)]. During the fiscal year ended December 31, 2009 close to 313 TWh of natural gas was distributed[(4)] compared to 325 TWh in 2008. This change is attributable to large customers reducing their consumption because of the economic crisis as well as weather factors which impacted by some 5 TWh (whereas the weather impact was virtually nil in 2008). The main activity of the distribution business in France is to transport the gas sold by the shippers (suppliers or agents) to end-customers. The number of GrDF customers who opted for an alternative natural gas provider rose from 500,000 at the end of 2008 to 775,000 at the end of 2009.

GrDF's concessions

As of December 31, 2009, GrDF had a portfolio of 6,149 natural gas concession contracts, generally for an initial term of 25 to 30 years.

The 9,340 municipalities serviced by GrDF through these 6,149 agreements can be divided into two groups:

- 8,889 municipalities to which Gaz de France has exclusive rights pursuant to the Law of April 8, 1946;
- 451 municipalities through concession contracts allocated to Gaz de France for the 2003-2009 period for a term of 25 or 30 years at the end of a competitive bidding process initiated by the local authorities.

These concession contracts were all transferred to GrDF by Law 2006-1537 of December 7, 2006.

As of December 31, 2009, the average residual term of GrDF's concession contracts weighted by volumes distributed was 16 years

Organization of the distributor

Contractual relationships between ERDF and GrDF within the joint department

Article 5 of Law 46-628 of April 8, 1946 makes it mandatory to create a joint department in the distribution segment, responsible for construction, worksite project management, network operations and maintenance, metering operations and other related functions.

ERDF and GrDF are linked by an agreement defining their relationship within the joint department, its competences and the cost sharing resulting from its activities This agreement was signed for an indefinite period and may be terminated at any time on 18 months' notice during which period the parties agree to renegotiate an agreement.

The joint department provides access to gas by concluding and executing connection contracts for all customers, third parties (installers, developers, etc.) and gas vendors. It is responsible for interfacing between the Gas Distributor and gas vendors for the day-to-day management of transmission contracts.

In 2009, metering activities involved some 92 million meter readings and 6.3 million customer service interventions for the joint department of which some 2 million related to gas.

(1) Source: Internal benchmark produced from 2008 public-domain data.

(2) A delivery point is a contractual point forming part of a shipping contract with one of GrDFs natural gas suppliers and thus represents an actual delivery of natural gas to a customer.

(3) All 2009 data mentioned in this paragraph relate to the natural gas distribution activity only and therefore exclude the data for propane gas supplies, as this activity is not handled by the GrDF subsidiary.

(4) Quantities of natural gas distributed: gross quantities collected, in TWh, from the Transmission-Distribution Interface Points (TDIP), excluding losses and other discrepancies.

Legislative and regulatory framework for distribution in France

Distribution monopoly

Pursuant to Articles 1 and 3 of the Law of April 8, 1946, the distribution monopoly is currently assigned to GrDF. However, there are exceptions:

- according to Article 23 of the 1946 law, local gas operations that were already in the public sector were not to be nationalized, but were to have their status maintained;
- according to Article 50 of the Law of July 2, 1998 and Law 2005-781 of July 13, 2005, municipalities not supplied with gas may source their public distribution from any public operator they wish.

The concession system

Natural gas distribution is considered a communal public service under French law (see Article L. 2224-31 of the general code of territorial communities). Each community grants a concession to a distributor to operate this public service on its territory. The concessions which thus link the municipalities and GrDF are entered into or are renewed, as the case may be, based on standard specifications established jointly by the French national federation of concession-granting and state-controlled municipalities (*Fédération nationale des collectivités concédantes et régies* or "FNCCR") and Gaz de France in 1994.

Distribution structures within the scope of the concession belong to the municipalities as soon as they are constructed, even though they are built and financed by the distributor, who has an exclusive right to use them (see the Law of December 7, 2006).

The municipality and concessionaire agree to the duration of the concession on a case by case basis, although it is generally 25 to 30 years. The grounds for terminating a concession contract early are strictly controlled (listed exhaustively) as is the date the concession can be terminated (cannot be in the first half of the contracted term). Termination also requires two years' notice and the concession-granting authority must pay compensation to the concessionaire for early termination.

Access to the gas distribution network

Transparent and non-discriminatory access to the natural gas distribution network is available to gas purchasers, suppliers and their agents. GrDF publishes the general conditions for using its equipment and distribution facilities on its website and provides them to the CRE. Network users are required to comply with them.

The shipper, who may be an eligible customer, supplier or its agent, signs a transmission contract with GrDF.

Transmission pricing in the gas distribution network

For a period of four years from July 1, 2008, GrDF is applying the pricing elements set by the Ministerial decree of June 2, 2008, referred to hereafter as "ATRD3". The tariff structure is adjustable on July 1st every year. On February 28, 2008, the CRE issued its pricing proposals. The rate of return applied to the regulated asset base was 6.75% (real[1], pre-tax) for all assets, irrespective of when they were put into service.

The RAB includes all distribution activity assets such as mains and connections, pressure regulation stations, meters and other technical and IT-related equipment. To determine annual capital expenses, the CRE applies a depreciation period of 4 to 45 years depending on the nature of the equipment. Mains and connections, which represent 96% of the assets appearing in the regulated asset base, are depreciated over 45 years. The RAB on which the prices for using the distribution network are based, was €13,453 million on January 1, 2009.

The decree of June 24, 2009 amending the decree of June 2, 2008 implemented for the first time a mechanical readjustment of the ATRD3 rate on July 1, 2009. GrDF prices were increased by 1.5% by applying, to all the pricing terms in force on June 30, 2009, a change percentage that includes:

- the average annual change in the consumer price index (CPI) excluding tobacco, as calculated by the French national statistics agency INSEE for all households in the country, which during 2008 was 2.8%;
- the annual productivity target of 1.3% for the four-year pricing period.

The next pricing adjustment will be July 1, 2010.

In reply to the productivity incentive in the ATRD3 pricing structure, GrDF regularly publishes some 30 service quality indicators. Thus, the CRE's first report on service quality published in November 2009 acknowledges improved performance in reducing the time taken to deal with customer complaints.

The same pricing structure applies to all regions operated by the distributor. It includes main tariff options that depend solely on the consumption characteristics of the end customer concerned.

In addition, the decree of June 2, 2008 establishes the main tariff details for new concessions acquired after the competitive bidding process, which are not covered by the equalized ATRD3 tariff. The tariff offered by the operator must be determined by applying the same coefficient to all the terms of the ATRD3 tariff matrix, which is considered to be the reference matrix.

Any catalog prices (for services offered to suppliers and end customers) not covered by the transmission tariff were updated on July 1, 2008 and January 1, 2009 respectively after they were presented to the CRE and to gas suppliers.

Code of Conduct

As required by law GrDF produces, and updates every year, a Code of Conduct. This sets out the measures put in place by the manager of the distribution network that serve to guarantee for all users (end-customers and natural gas suppliers) that its professional practices are objective, transparent and non-discriminatory, and respect the confidentiality of commercially sensitive information (CSI). A compliance verification procedure is in place to ensure that the

(1) This rate is applied to revalued assets. The revaluation index used is the consumer prices index excluding tobacco calculated by the French statistics office (INSEE). Note that incoming or outgoing assets in year N are by common agreement remunerated for a period of six months during that year.

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code is observed. The results of this program and any improvement actions that may flow from it are published in an annual report by GrDF. The latest report, which is available on its website, has been presented to the CRE.

Competitive factors

The gas distribution activity in France is mostly carried out by GrDF. Twenty-two distributors who were not nationalized under the Law of April 8, 1946 represent 5% of the national gas distribution market. GDF SUEZ Infrastructures has stakes in the two largest local distribution companies: 24.9% in Réseau GDS (formerly Gaz de Strasbourg) and 24% in Régaz (formerly Gaz de Bordeaux).

GrDF strategy

The strategy formulated by GrDF is the basis of its "Success Through Involvement" business plan deployed in 2008.

GrDF will continue to make the safety of the natural gas network a key imperative. The level of investment dedicated to industrial safety will be maintained into the future.

GrDF will also pursue its commitment to growing the network. It will bring economically and environmentally innovative and efficient energy solutions to end users and local authorities. This initiative will allow it to capitalize on the complementarity of natural gas, nuclear, and new emerging energies.

GrDF's ambitions also include capitalizing on its expertise outside France and developing its services to customers, particularly in metering.

2.1.4.9 Transmission activities

GRT has the longest high-pressure natural gas network in Europe[1], to route gas for all its users.

GDF SUEZ also has equity interests in three transmission networks, which are in Germany (Megal, 1,088 km), Belgium (Fluxys network, 3,800 km) and Austria (BOG, 285 km), totaling, excluding Fluxys, a cumulative length[2] of over 1,373 km and a contributive length of 576 km[3].

GRTgaz

GRTgaz, which owns its own network, develops, operates and maintains the transmission network, regulates natural gas flows through the network, provides access services to the gas supplier network, and markets it.

As of December 31, 2009 the GRTgaz network in France consisted of 32,200 km of pipelines, of which 6,980 km were primary high-pressure network and over 25,220 km were regional networks covering a broad extent of the country. During the fiscal year ended December 31, 2009 GRTgaz sent 57.6 billion m^3 of gas through the French network (659 TWh) compared with 59.3 billion m^3 in 2008 (678 TWh). This change is attributable to a weather impact of some 5 TWh (virtually nil in 2008), a 13 TWh drop in consumption (primarily industrial), as well as lower deliveries to adjacent networks and higher volumes put into storage. GRTgaz's main network transmits natural gas from the network entry points (LNG terminals, interconnection points with the international gas pipeline networks) to the regional network. The regional network transports natural gas to about 4,300 delivery stations connected to industrial customers and to local distribution networks. The average pipeline age is 28 years[4].

GRTgaz also operates 25 compression stations which are used to circulate the gas in the transmission lines and maintain the required pressure for optimum transmission conditions. As of January 1, 2010, these stations included 90 gas compressors with a total compression power of 573 MW. GRTgaz also uses compression facilities located at five storage sites operated by the Storengy subsidiary.

Legislative Environment governing the transportation of natural gas

To guarantee the independence of the network manager, the Group has separated the operational management of its transmission network from its supply and production activities, in accordance with EC Directive 2003/55. GRTgaz is responsible for network management. Statutory non-discriminatory access to the gas transport networks is under the control of the CRE.

The law of January 3, 2003 states that the construction and operation of natural gas transmission pipelines must be authorized by a competent administrative body, the conditions for which are set by Council of State decree (in this case decree 85-1108 of October 15, 1985, as amended by decree 2008-944 of October 3, 2003). Authorizations are nontransferable. Entities that obtain natural gas transmission authorizations must comply with the terms and conditions of these and any appended specifications.

Additionally, Directive 2009/73 of July 13, 2009, regarding common regulations for the natural gas market, was published on August 14, 2009. It repeals Directive 2003/55 and specifically provides for the management of 3 independent transmission plans: the separation of the firm's generation assets from the transmission networks (ownership unbundling), the independent system operator (ISO), or the independent transmission operator (ITO). The directive not being transposed into French law yet, its possible impacts on the Group are described in Section 5.2.5.3.

(1) Source: internal benchmark constructed from 2008 public-domain data, presented to the Board of Directors in December 2009.

(2) Cumulative length: total length (in km) of the network pipeline.

(3) Contributive length: length of network pipeline multiplied by the percentage stake held by the GDF SUEZ Group.

(4) Average pipeline age: weighted to take into account the year of commissioning and the physical length of the network.

GRTgaz transmission network tariffs

Since January 1, 2009 GRTgaz has been applying the pricing structure set by the Ministerial decree of October 6, 2008 approving the CRE tariff proposal of July 10, 2008. The rate of return applied to the regulated asset base (RAB) is determined by taking into account the inherent economic risk in operating natural gas transmission infrastructures.

The basic, real, pre-tax rate was set at 7.25%. This was increased by 1.25% for assets brought into service between 2004 and 2008, or decided prior to 2008 and brought into service from 2009 onwards. A 3% increase was granted for any new investment that creates additional capacity in the primary network.

The RAB includes pipelines, compression stations and pressure regulation/metering stations. To determine the annual fixed costs, the CRE applies a depreciation life of 50 years for transmission pipes and 30 years for compression stations and pressure regulating/metering stations. The RAB on which the tariff for using the distribution network is based, was €5,756 million as of January 1, 2009.

In return for the productivity incentive included in the tariff, GRTgaz regularly publishes some 30 service quality indicators. Thus, the CRE's first report on service quality published in November 2009 notes improved performance in reducing the time taken to deal with customer complaints.

The GRTgaz tariff matrix is to be updated on April 1 every year starting 2010. It will be set so as to cover, for each year, the revenue authorized by the CRE based on official inflation data and the best available predictions of capacity subscriptions for the year considered.

Network transmission tariffs in France, for GRTgaz, are currently calculated on a multi-region entry/exit principle based on a simplified division of the country into two regions and using the new 2009-2012 tariff. This model is being rolled out across the whole of Europe in line with the recommendations of the "Madrid Forum" (a forum of European transmission operators) for the domestic gas market. The tariff for shipping through the GRTgaz transmission network reflects primarily the entry, exit, and subscribed network capacity terms.

GRTgaz Code of Conduct

As required by law, GRTgaz has developed a Code of Conduct. This sets out the actions that the transmission manager has put in place to guarantee the transparency of the information that customers need to access or connect to the transmission network, the non-discriminatory treatment of every class of transmission network user and the confidentiality of commercially sensitive market information to prevent its disclosure to anyone unrelated to the operator (except in circumstances required by law).

GRTgaz provides an annual report to the CRE on its implementation of the Code. The 2009 report is available on the GRTgaz website.

Transmission Europe

Germany

Megal GmbH & Co.KG ("Megal") owned by the GDF SUEZ Group (44%), E.ON Gas transport (51%) and the Austrian energy company OMV (5%) is a German registered company based in Essen. Its pipeline network was 1,088 km long as of December 31, 2009, linking the Czech Republic and Austrian borders to France. The company is consolidated on a proportional basis.

GRTgaz Deutschland GmbH, which is wholly owned by the Group, markets some 58% of Megal's network capacity. It launched its capacity marketing operations on October 1, 2005 and manages one of the seven H gas market regions in Germany. GRTgaz Deutschland provides transmission services for 19 different customers. On October 1, 2009 GRTgaz Deutschland entered the largest market region in Germany by helping to set up NetConnect Germany alongside four other German transmission companies.

Austria

BOG is 34%-owned by the Group, 51% by OMV and 15% by E.ON, and holds the market rights for some 285 km of pipeline capacity held by OMV, from the Slovakian border to Megal's network in Germany until 2029. Since 2007, BOG has been an autonomous transmission company controlled by OMV. The company is not consolidated within the Group.

Belgium

The GDF SUEZ Group has a 38.5% stake in Fluxys and 24.35% stake in Elia.

Fluxys, listed on Euronext Brussels, is the independent operator of the natural gas transmission infrastructure in Belgium. It operates, maintains and develops its integrated natural gas transmission infrastructure and storage facilities in Zeebrugge and Loenhout. Under the terms of the regulated access to its infrastructures, Fluxys markets transport and storage capacities for the supply of natural gas to consumers in Belgium. In addition to its transport services, Fluxys offers border-to-border natural gas transit services. Natural gas passes through the Belgian network for onward transmission to the Netherlands, Germany, France, Spain, Italy, and the United Kingdom.

Elia, a listed company, is a subsidiary of Elia System Operator (ESO) which was created in 2001 to manage the high voltage electricity transmission network in Belgium. ESO and Elia have been consolidated by the equity accounting method since the Belgian government made ESO manager of the transmission network. Transmission fees are subject to the approval of the Belgian Electricity and Gas Regulatory Commission (CREG).

Transmission business strategy in Europe

The Group's transmission subsidiaries contribute actively to building a European market through their participation in the work of the European Network of Transmission System Operators for Gas (ENTSOG) and in the harmonization of transmission offers in Europe.

GRTgaz has set out an investment program of up to €6.5 billion between 2009 and 2018 to meet market demands by helping streamline the transmission network and enhancing the security of supply for Europe and France in particular, some two-thirds of which would go towards developing the transmission network.

This could mean investment in new infrastructures (interconnections between France and Belgium, Spain, Germany, Switzerland and/or connection to LNG terminals) which would boost France's role as a gas hub in Europe.

These investments will be undertaken provided there is a market for them. They will also be subject to approval of the shareholders and the CRE, and confirmation of the terms and conditions of remuneration.

2.1.4.10 Regulatory framework

European Directives have opened the electricity and gas markets to competition, which has seen:

- in 2003, the introduction in France of third-party access rights to transmission networks, distribution networks and LNG regasification facilities, that must be offered transparently and without discrimination. Access to these infrastructures is based on regulated tariffs that incorporate asset remuneration rates for the corresponding business line activities that vary according to the nature of the infrastructure operated;
- in 2004, the introduction in France of third-party access rights to storage facilities that must be offered transparently and without discrimination; Access to storage is based on negotiated tariffs[1]. A decree of August 21, 2006 sets out the conditions for calculating, granting, distributing and assigning storage capacity;
- the CRE (*Commission de Régulation de l'Énergie*), an independent administrative authority, has been the French natural gas regulator since 2003.

Some of the Infrastructures business line activities in France are regulated by the CRE as part of a stable, incentive-based regulatory framework based on:

- multi-year regulation periods: the distribution tariff has been in effect since July 1, 2008 and will apply until 2012. A new transmission tariff has been in effect since January 1, 2009 and will apply until the end of 2012, and a new LNG terminal tariff was adopted with effect January 1, 2010 to apply for three years, to 2013;
- the "RPI[2] – X %" method of price indexation, i.e., inflation reduced by a productivity factor;
- incentives to invest in LNG transmission and terminals, subject to certain conditions;
- adjustments for uncontrollable factors (weather, cost of fuel, etc.).

Positive rights in these matters derive from EC Directive 2003/55 of June 16, 2003 and EC transposition law 2003-8 of January 3, 2002, law 2004-83 of August 9, 2004, law 2005-781 of July 13, 2005, and law 2006-1537 of December 7, 2006.

Third-party access to infrastructures in France

To ensure every customer based in a Member State of the EU has the freedom to select a supplier in their State or another State, the law has introduced third party access rights to transmission and distribution networks and to LNG regasification and storage facilities.

The managing operators of the transport and distribution network and LNG and storage facilities must not discriminate in any way among the users or the categories of users of the structures or facilities they operate.

The refusal by an operator to sign a contract for access to its transport or distribution system or to LNG or storage facilities must be based on reasonable grounds and notified to the applicant as well as to the CRE.

All operators of natural gas transportation, distribution and storage structures or LNG facilities and all suppliers using them are required to provide the other operators with the information they require to ensure the smooth operation of the interconnected network and the storage facilities.

Additionally, to facilitate conditions of access of third parties to infrastructures, and increase the competition on the natural gas market, GDF SUEZ, GRTgaz and Elengy have adopted the commitments to restore market capacities, made compulsory by the European Commission in Access France procedure framework. This procedure is described in Section 10.2

Non-discrimination, confidentiality of information and separate accounting

The Law of August 9, 2004 requires network management activities to be conducted in accordance with a Code of Conduct that is kept updated and provided to the CRE every year to prevent discriminatory practices in granting third party access rights to the transmission and distribution networks. Every year since 2005 the CRE publishes a report on compliance with the Code of Conduct and the independence of the transport and distribution network managers.

All operators of natural gas transport, distribution or storage facilities or LNG facilities must keep confidential all information whose disclosure could promote unfair competition. The operators involved must inform the CRE of the measures they have taken in this respect. Any operator violating these obligations will be fined under penal law.

The separate accounting requirement of the Law of January 3, 2003 is no longer relevant for these four activities since they have been incorporated as subsidiaries.

Pursuant to the provisions of Directive 2003/55, if the operator of a natural gas transmission or distribution network is part of a vertically integrated company such as GDF SUEZ, it must be made legally independent of the organization and decision-making processes of

(1) *The operator determines the tariff which must be published and applied to each customer on identical terms.*

(2) *RPI: Retail Price Index*

the entities managing other activities, particularly production and supply activities. The Directive also contains various provisions governing the directors of the transmission or distribution manager, aimed as ensuring their independence. However, the directives recognize a right of financial supervision and management of the integrated company. These provisions were transposed into French law by the Laws of August 9, 2004 and December 7, 2006. The transmission business was legally incorporated as a subsidiary on January 1, 2005 as was the distribution business on December 31, 2007. The LNG terminal and storage activities were incorporated as subsidiaries on December 31, 2008.

Transmission, distribution, LNG terminals and storage activities managed separately then incorporated as subsidiaries

Pursuant to the provisions of Directive 2003/55, if the operator of a natural gas transmission or distribution network is part of a vertically integrated company such as GDF SUEZ, it must be made legally independent of the organization and decision-making processes of the entities managing other activities, particularly production and supply activities. The Directive also contains various provisions governing the directors of the transmission or distribution manager, aimed as ensuring their independence. However, the directives recognize a right of financial supervision and management of the integrated company. These provisions were transposed into French law by the Laws of August 9, 2004 and December 7, 2006. The transmission business was legally incorporated as a subsidiary on January 1, 2005 as was the distribution business on December 31, 2007. The LNG terminal and storage activities were incorporated as subsidiaries on December 31, 2008.

Regulation and control of the application of regulations specific to the natural gas sector

In France, regulation comes under the remit of several authorities. The Energy Regulation Commission has been the competent regulatory authority in the gas sector since 2003. The Energy Minister also has certain prerogatives in terms of controls and sanctions. Local authorities, as concession-granting authorities, can also exercise control to ensure the proper execution of the obligations under the distribution concession specifications.

The Energy Regulation Commission (CRE)

The CRE is an independent administrative authority created in 2000 to regulate the electricity sector in France, and the Law of January 3, 2003 broadened its terms of reference to include the gas sector.

It is empowered primarily to regulate the network by controlling access thereto and regulating the natural gas market.

The CRE recommends LNG transmission and distribution network access tariffs to the Ministry of the Economy and Energy and delivers an opinion on regulated gas prices.

The Law of December 7, 2006 grants the CRE power to approve or disapprove the investment plans of natural gas carriers. An arbitration and sanctions committee was also set up within the CRE pursuant to the same law.

In addition, acting on the advice it receives from the Competition Commission, the CRE approves or disapproves the separate accounting principles proposed by the consolidated entities.

It is empowered to oversee transactions on regulated markets in natural gas as well as cross-border trading. The CRE is also charged with overseeing transactions between suppliers, traders and producers.

Lastly, the CRE has the power to impose penalties as well as regulatory rules. It can temporarily prohibit access to infrastructures or impose monetary penalties if decisions it is empowered to make are not complied with. It also has additional regulatory powers to set out rules governing:

- transmission, distribution, storage and LNG terminal management;
- terms and conditions for connecting and using LNG networks and facilities;
- network manager contracts to procure gas for their own use;
- the separate accounting perimeters for each activity and the recognition rules applied.

The Ministries for Economic Affairs and Energy

The Energy Ministry determines and publishes a tentative multi-year plan describing, on the one hand, the foreseeable changes in national demand for the supply of natural gas and its geographic distribution and, on the other, the investments scheduled to complete the infrastructures of the natural gas supply network. This plan forecasts the changes in the contribution of long-term contracts to French market supply over a ten-year period.

The Ministries for Economic Affairs and Energy have decision-making powers concerning infrastructure usage tariffs but gas storage and sales fall outside their remit.

The Ministries have the authority to launch an inquiry to gather information on gas companies with a view to implementing the Law of January 3, 2003 and the Law of July 13, 2005. The Energy Ministry can impose monetary penalties and, for parties violating the Law of January 3, 2003 or the terms of their concession, can demand withdrawal or suspension, for up to one year, of their natural gas supply or transmission authorization or their natural gas underground storage permit.

Other regulations impacting activity in France: Public service contract obligations

The law imposes public service obligations on operators of natural gas transport and distribution networks, on operators of LNG facilities, on suppliers and distributors of natural gas and on holders of natural gas underground storage permits.

These obligations relate to the safety of persons and of the facilities, the continuity of gas supply, the security of supply, the quality and the price of the products and services supplied, environmental protection, energy efficiency, the balanced development of the territory, the emergency supply of gas to non-domestic customers responsible for missions of general interest and the continued supply to vulnerable people. This is also true for the supply of gas at the special solidarity rate.

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2.1.4.11 The sustainable development of infrastructure activities

Each company strives to obtain and renew the certifications for its underground storage, regasification, transmission and distribution activities. These certifications cover commercial services as well as industrial activities and the odorization of natural gas delivered through the network.

In September 2009, Elengy's ISO 9001 (quality) and ISO 14001 (environment) certificates were renewed for natural gas regasification and odorization services. For its security and safety management system, the Montoir-de-Bretagne LNG terminal was rated level 7 on the International Safety Rating System (ISRS) by DNV (and independent certification agency) thus becoming the first industrial site in France to obtain such recognition. Also in 2009 an agreement was signed with CARENE (*Communauté d'Agglomération de la Région Nazairienne et de l'Estuaire*) to promote jobs in the Nazaire region, and with the local job promotion program PLIE (*Plan Local pour l'Insertion et l'Emploi*) to boost local jobs as part of the *"Cap Grand Ouest"* initiative for the refurbishment of the Montoir terminal.

Environmental management of its industrial operations led to Storengy's ISO 14001 certification for the 12 underground storage sites in France being renewed on the basis of its industrial operator activities, facilities renovation, the construction of new facilities and drilling. In addition, the Storengy UK was awarded the Gas Industry Safety Award for its excellent safety record and for the effectiveness of the processes that it has implemented. The safety management system was assessed to DNV standards, and attained ISRS level 7. The sites assessed in 2009 attained level 6, the level required for the types of activities that Storengy conducts. Storengy is implementing a voluntary inspection program for the work (collection facilities) linking exploration wells to the surface facilities of underground storage areas. In addition, DNV confirmed that on five of the industrial sites the "Major Risk Prevention" provisions complied with the Process Safety Management regulations governing underground natural gas storage (Decree of January 17, 2003).

GRTgaz operates the transport network from its national distribution center in Paris. This integrated system allows it to monitor the safety of the installations, manage the gas transfers and control gas supplies to customers. In 2009, GRTgaz was granted a renewal of its ISO 9001 quality certification for all its activities (in particular, gas shipping and delivery, and odorization of transmitted gas), and of its ISO 14001 environmental certification for its compression activities. At the end of 2009, 15 compression stations were included in the certification (Palleau, Vindecy, Évry, Brizambourg, Pitgam, Morelmaison, Voisines, Laneuvelotte, Bréal, Taisnières, Cherré, Roussines, Laprade, Cuvilly and Saint-Martin-de-Crau). In 2001, GRTgaz also launched a multi-year transmission pipeline inspection and rehabilitation program. At the end of 2009, 67% of its transmission network had been reinstated.

GrDF's management system obtained ISO 9001 (quality) and ISO 14001 (environment) certification for all its natural gas distribution activities in France on July 29, 2008. On a more general level, 2009 saw GrDF build on its sustainable development objectives by defining a nine-priority sustainable development policy and launching and bringing into service 23 sites, as well as a management tool for engaging, steering and integrating its national and regional initiatives.

2.1.5 ENERGY SERVICES BUSINESS LINE

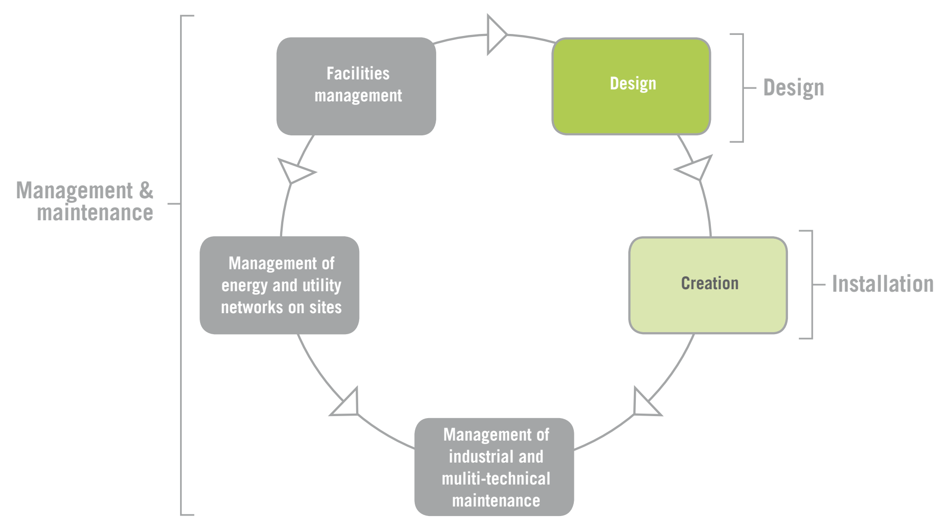
2.1.5.1 Mission

European leader in energy services, GDF SUEZ Energy Services offers environmental and energy-efficient solutions to its industrial, tertiary, local authorities, public administration, and infrastructure customers through services which are:

- multi-technical (electrical, mechanical and HVAC engineering and system integration);
- multi-service (engineering, installation, maintenance, operation, facilities management);
- multi-energy (gas, electricity, coal, renewable energy including biomass and photovoltaic);
- multi-country.

They cover the entire technical services value chain from design, production and maintenance of equipment to the management of energy and utilities and long-term multi-technical management. The business line makes its many skills available to its customers and supports them throughout the life cycle of their facilities and sites, enabling them to make the most of their assets, better manage their costs, and focus on their core businesses.

● COMPREHENSIVE SOLUTIONS THROUGHOUT THE LIFE CYCLE OF CUSTOMERS' FACILITIES AND SITES



Environmental and energy efficiency is a European priority in the fight against global warming and one of the major elements in sustainable and profitable development for companies and local authorities worldwide. It also lies at the core of GDF SUEZ Energy Services. More-efficient energy use means obtaining optimal service that reduces both the overall energy bill as well as its environmental impact.

Active throughout the energy chain, from designing facilities to their long-term management, the GDF SUEZ Energy Services companies can work closely with their customers to guarantee them long-term performance.

Massive challenges exist both in the industry, where management of the energy bill is a key source of competitivity, and in the household, business and local authority market which harbor the main sources of CO_2 reduction. In this context, it is vital to choose a partner such as GDF SUEZ Energy Services that has the capacity to take charge of the entire issue and construct an offer tailored to the specific needs of each customer.

The GDF SUEZ Energy Services offer may include techniques such as cogeneration that have a high energy return, and may also include the use of renewable energy such as biomass, geothermal or solar energy.

In addition, GDF SUEZ Energy Services companies are ideally placed - in terms of technical expertise, project management, contract relations, and geographic networking - to meet the major challenges numerous industrial and service sector customers face:

- the need to refocus on core business, and outsource the search for comprehensive and integrated multi-technical solutions, in both the private and the public sector;
- the need to implement energy-efficient solutions, especially pertinent against the background of high energy prices and growing environmental constraints;
- the need to modernize healthcare establishments, requiring facilities services and long-term multi-technical operational services;
- the need to pay increasing attention to mobility and safety with, consequently, a major need to upgrade rail, road, and urban transport infrastructures;
- new forms of contracts that allow performance-based indexing or the sharing of savings made.

GDF SUEZ Energy Services relies on a transparent organizational structure that incorporates complementary businesses that follow their own logic in engineering, facilities and related services, energy services, and technical management. The GDF SUEZ Energy Services entities are organized by country in a structure that consists of eight Business Units (BUs).

2.1.5.2 Strategy

With €13.6 billion in revenues, GDF SUEZ Energy Services is the largest player in the European services market operating under recognized business brands: Axima, Cofely, Omega, Endel, Fabricom, INEO, Seitha and Tractebel Engineering.

In 2008, SUEZ's energy service businesses, grouped as SUEZ Energy Services, were merged with those of Gaz de France which headed subsidiaries such as Cofathec Services, Finergaz and Cofathec Omega in France, and Cofathec subsidiaries in the United Kingdom, Italy and Belgium. This combination produced the GDF SUEZ Energy Services business line, dedicated to energy efficiency.

In 2009, this move was followed by the merger of the energy services companies Cofathec and Elyo in France, the UK and Italy, and the creation of a new brand, Cofely. This new brand was progressively adopted during the year by the other energy services entities in the branch, in particular in Belgium, the Netherlands, Spain, Switzerland, Germany, Greece and Portugal.

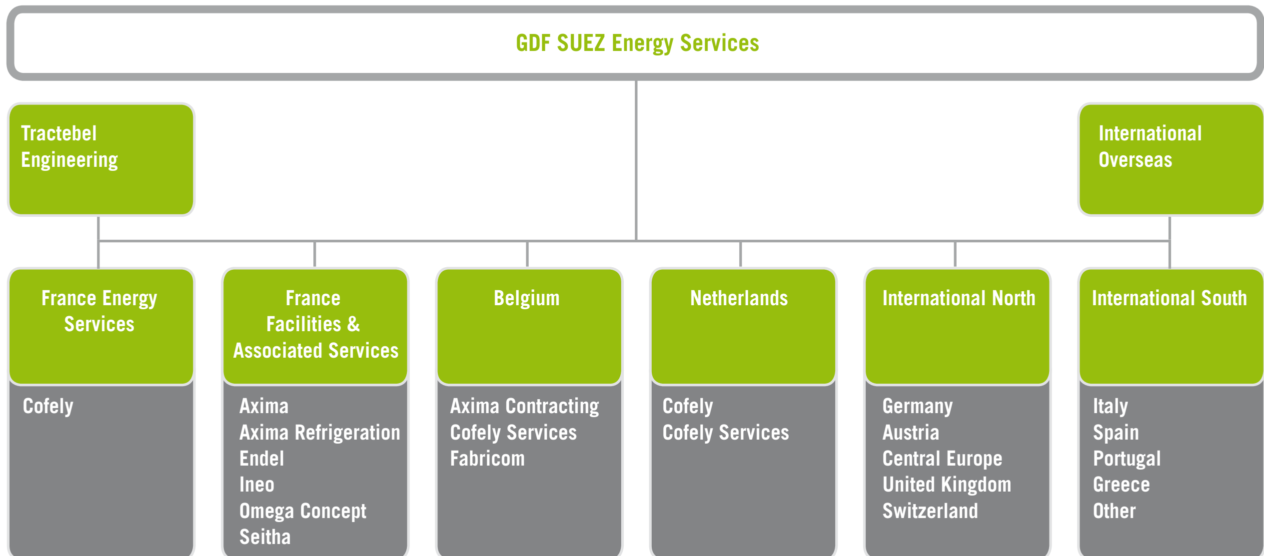
This business line is currently one of the major players in Europe, number one in France, Belgium, the Netherlands and Italy. It occupies a strong position in neighboring countries such as the United Kingdom, Germany, Spain, Switzerland and Austria, and has bases for development in other countries, such as Portugal and Greece, as well as in Central Europe.

Against this background, GDF SUEZ Energy Services have the following strategic priorities:

- to continue to improve the profitability of GDF SUEZ Energy Services by optimizing the current portfolio of businesses, mobilizing internal synergies, and developing cross-functional offerings;
- to strengthen its position as European leader in multi-technical services by emphasizing sales dynamics and the development of innovative offers: energy and environmental efficiency, public-private partnerships, new services, etc;
- to strengthen the Services component in the management and maintenance businesses and concentrate on high-value-added facilities business segments that require systems integration capacity or expertise in facilities engineering;
- to strengthen profitable growth drivers including targeted acquisitions, development in new geographic regions and new businesses.

2.1.5.3 Organization

● GDF SUEZ ENERGY SERVICES: BUSINESS LINE ORGANIZATION BY COUNTRY



The organizational structure is largely geographical, given the need to keep business lines close to their customers. Each BU is placed under the authority of a single manager who answers for its results directly to the business line's General Management. The business line's management is deliberately decentralized to ensure that decisions are made as close to the ground as possible. Commercial and technical cooperation between the GDF SUEZ Energy Services entities and other GDF SUEZ entities is encouraged in order to achieve optimal sales- and cost-efficiency.

The GDF SUEZ Energy Services offer covers the entire multi-technical services value chain:

- design engineering;
- electrical, mechanical and HVAC engineering, system integration, large projects, industrial maintenance;
- multi-technical management;
- energy network and site utilities management;
- facilities management.

Its businesses generated €13.6 billion in revenues for 2009.

The business line has 77,000 employees in almost 30 countries, most of them in Europe where it is active on some 1,300 sites.

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2.1.5.4 Key figures

2008 pro forma figures, in millions of euros	2009	2008	Total change (%)
Business line revenues	13,621	13,993	-2.7%
EBITDA	**921**	**904**	**1.9%**

2.1.5.5 Highlights

January

- Cofely renewed for five years the FM contract with IBM for its sites in France and Belgium. Services were extended to new sites (data centers in particular) with strong commitments to improve energy performance.

April

- Cofely (Italy) was part of a consortium which won the contract to manage the energy services of the University of Catania in Sicily. This contract is for the electricity supply and the maintenance management of photovoltaic facilities in more than 78 hospital buildings over 20 years.

May

- Areva renewed its confidence in Ineo and Axima for the construction of the second George Besse II Nord unit. Ineo, representing a consortium, won the lot for high and low voltage supply and Axima the ventilation and pipework lot.
- Cofely (Germany) won a 20-year contract with A-Rosa Resort Management to supply the energy requirements of its new luxury hotel on Sylt Island, operate the heating and air-conditioning equipment, and for the seawater supply.

June

- Cofely (France) was part of a consortium which won the Public-Private Partnership to design, finance, build and operate for 30 years the future regional police center in Sathonay-Camp.
- Tractebel Engineering carried out its design studies for the new LNG terminal in Mundra in Gujarat India.
- Algemene Pensioen Groep (APG) and Cofely in the Netherlands signed a 10-year contract. The pension fund will sub-contract part of its logistics to the Cofely Data Center which guarantees a high class service powered solely by green energy.

July

- Ineo won the 1st Public Private Partnership for public lighting with the City of Vallauris-Golfe-Juan. Ineo will finance, renovate, operate and maintain the public lighting facilities, road equipment and festive illuminations over a 15-year period.

September

- Heading up a consortium formed with Lemants and GeoSea, Fabricom won the global management contract for the electrical equipment for the offshore London Array wind farm, the largest offshore wind farm in the world due to be built in the Thames Estuary by 2014.
- Axima Contracting signed one of the largest contracts in the hospital sector by winning Lot I of the Toulouse Cancer Center. This contract covers, in particular, the centralized technical maintenance and climatic engineering of the future University Cancer Clinic.
- Tractebel Engineering was commissioned by the Jordan Atomic Energy Commission to conduct a site selection study for the construction of a nuclear plant in Jordan.

October

- Ineo won the 1st Public-Private Partnership with the City of Beaune to develop French Heritage sites. Over the next three years, Ineo will renovate over 81% of the public lighting facilities of Beaune in order to reduce the associated energy consumption by more than 47%.
- In Belgium, Cofely Services signed a 3-year Facilities Management contract to manage the GSK Biologicals service desk. Last April, GSK Biologicals had awarded Axima Contracting the contract for the renovation of climate control facilities in a building in Rixensart in Belgium and the installation of heating, ventilation and air-conditioning equipment at the Saint-Amand-les-Eaux site in France.

November

- An agreement was signed with Energy Investment Group of Chongqing to create a 40/60 joint venture specially focused on environmental and energy efficiency. Located in the west of China, Chongqing is the largest municipality in the world with some 30 million residents. The purpose of this joint venture is to build and operate urban heating and cooling networks and propose solutions to supply environmentally and energy efficient services.

December

- SMEG renewed its Public Service Delegation to supply electricity and gas to Monaco for 20 years.
- In Italy, Pastificio Antonio Amato, an agri-foodstuffs group specializing in pasta production, awarded to Cofely the contract to design and operate a 2.4 MW trigeneration system and install 750 photovoltaic modules.
- Cofely (France) signed a public-private partnership with the Alsace Region to design, finance, build and operate the energy equipment for fourteen Alsace schools. With a term of 20 years, it will reduce energy consumption in all buildings by 35% and reduce their greenhouse gas emissions by 65%. At the national level, it is the first energy performance contract awarded by a municipality in the form of a partnership for public equipment.

2.1.5.6 Description of activities

Description of activities

Design engineering

Tractebel Engineering is one of the leading engineering firms in Europe. It offers engineering and consulting solutions to public and private clients in the electricity, nuclear, gas, industry, and infrastructures sectors. Tractebel Engineering offers a range of innovative and sustainable solutions throughout the life cycle of its clients' facilities such as feasibility studies, investment projects, assistance with project management, operations and maintenance, and dismantling.

Facilities and related services - Building and Maintenance

GDF SUEZ Energy Services, through subsidiaries such as Axima, Omega, Endel, INEO, Fabricom and Seitha, builds and maintains electrical, mechanical, and HVAC facilities for industry, the services sector, buildings, and major infrastructure projects. The business line also provides related services:

- locally, its business culture is reflected in on-site customer service that meets customer needs and is backed by a powerful European network and the complementary nature of the different services offered;
- in specialty businesses, development is backed by a high degree of proficiency in basic technologies, enabling it to offer customers cutting edge developments and support them as their technology expands.

Project management remains a decisive factor in facilities and related services businesses. Strict project control of, for example, cost elements and contractual aspects of an offer during its execution will determine the final profitability of each project.

Energy Services – Optimization and Operations

As an expert in Energy Services Solutions, born from the concept of delegated management and outsourcing, Cofely offers a range of innovative solutions to highly diverse customers (companies, local authorities, and managers of residential, service-sector and industrial facilities). Cofely designs and operates, on a long-term basis and with guaranteed results, efficient and global solutions that provide energy efficiency and contribute to environmental protection, including:

- the management of energy and utilities required in industrial processes;
- management and maintenance of thermal and technical equipment;
- facilities management;
- management of municipal heating and cooling networks.

With a wealth of expertise as integrator and with strong local relationships, Cofely aims to capitalize on the development opportunities afforded by cost rationalization, improvements in environmental and energy efficiency, companies refocusing on their core businesses, the opening up of the energy markets and consideration for environmental constraints to confirm its position as leader in Europe.

Electricity production and distribution

The companies in this business unit specialize in the production and distribution of electricity in Monaco and the Pacific (New Caledonia, French Polynesia, Vanuatu, Wallis and Futuna). They are development partners in these territories, providing world-class services backed by a major Group.

Key markets

The geographic region covered by GDF SUEZ Energy Services is mainly Europe: in revenue terms, the Energy Services business line is ranked number one in France, Belgium, the Netherlands and Italy. It has a strong position in neighboring countries as well as bases for expansion into areas further afield, such as Central Europe.

The business line is active in three main markets:

- services, accounting for half of its business. The Energy Services business line serves customers in the services sector mainly in collective housing, public buildings, shopping centers, office buildings and hospitals;
- industry, accounting for one-third of its business: the business line's main customer segments include the oil, paper, chemicals, petrochemicals, power and steels sectors;
- infrastructures, the remainder of its business: the business line performs installation and maintenance work for the electricity and gas networks, ports and airports, and public lighting networks.

Although investment in the industrial market is stagnating, this segment offers growth opportunities for targeted service activities, which benefit from the trend to outsourcing, the tightening of environmental constraints, and the search for energy efficiency.

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The development of public/private partnerships, especially in the services sector, is a favorable factor for the growth in facilities and services activities.

Finally, the infrastructure market remains attractive due to numerous initiatives taken by local authorities to improve mobility and security. GDF SUEZ Energy Services is also recognized as a major player in this market through niche businesses in transportation and intelligent safety technologies.

With a good balance of activities between installation and services, the business line brings a unique portfolio of complementary activities to the European market that differentiates it from its competitors.

Its main competitors are Vinci Énergies, ACS, Cegelec and Spie in facilities-related activities and Dalkia and Johnson Controls in service-related activities.

The business line's complementarity with the Group's other various business lines also constitutes an advantage for GDF SUEZ Energy Services if, for example, it is called upon to provide services along with electricity and gas supply in a deregulated market, and/or water and waste management services.

2.1.5.7 Regulatory framework

The main regulatory changes impacting GDF SUEZ Energy Services at European, national or regional level are:

- broader and more stringent environmental standards regarding, in particular, greenhouse gas reduction targets;
- mandatory improvements in energy efficiency and development in energy-performance clauses in contracts;
- the liberalization of energy markets;
- the development of public-private partnerships.

Combined with increased energy prices in the medium term, these changes essentially represent a development opportunity for GDF SUEZ Energy Services. In fact, they encourage customers to seek the services of specialists in heating, electricity, and the environment who are capable of designing, developing and managing their facilities under optimal technical and financial conditions. With its unique mesh of business lines and expertise, GDF SUEZ Energy Services is ideally placed to satisfy these growing demands.

2.1.6 SUEZ ENVIRONNEMENT

PRINCIPAL KEY FIGURES OF THE CONSOLIDATED FINANCIAL STATEMENT STATUS

In millions of euros	2009	2008
Revenues	12,296.4	12,363.7
Gross operating income	2,059.9	2,101.9
Operating income	926.0	1,059.1
OPERATING INCOME SUEZ ENVIRONNEMENT SHARE	**403.0**	**533.2**

(SUEZ Environnement Company 2009 Reference Document data)

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CONSOLIDATED BALANCE SHEET – PRINCIPAL KEY FIGURES

In millions of euros	December 31, 2009	December 31, 2008
Non-current assets	13,683.2	13,132.5
Current assets	8,864.4	6,578.5
TOTAL ASSETS	**22,547.6**	**19,711.0**
SUEZ Environnement shareholder capital	3,675.9	3,532.4
Minority interests	742.2	637.6
Other liabilities	18,129.5	15,541.0
TOTAL LIABILITIES	**22,547.6**	**19,711.0**

(SUEZ Environnement Company 2009 Reference Document data)

With revenues of €12.3 billion and 65,895 employees at December 31, 2009, SUEZ Environnement is a benchmark player in the environmental market worldwide (water and waste).

SUEZ Environnement is active in all water and waste cycles and is thus an expert in those areas. It operates on behalf of both local authorities and private entities.

SUEZ Environnement's water-related activities include, in particular:

- capture, treatment and distribution of drinking water;
- network maintenance and plant operation;
- customer management;
- municipal and industrial wastewater collection and treatment;
- design, construction, occasionally funding, and operation of drinking water production plants and wastewater treatment plants, as well as desalination and treatment plants for recycling it back in use;
- studies, master plans, modeling of underground water tables and hydraulic flows, and project management of infrastructure and water management projects;
- biological and energy recovery of sludge from sewage plants.

SUEZ Environnement waste activities include, in particular:

- waste collection (from households, local authorities and industries; non-hazardous and hazardous, excluding waste that may be contaminated by radioactive residue from nuclear activity) and urban cleaning;
- pre-treatment of this waste;
- sorting, recycling, energy recovery from organic and recycled matter;
- incineration or landfill of residual matter;
- integrated management of industrial sites (sanitation, depollution and remediation of polluted sites and soil); and
- treatment and recovery of sludge.

SUEZ Environnement's business dealings with public and private customers take the form of various types of contracts:

- in water, it signs mainly public service delegation contracts (leasing contracts or concessions), and public sector contracts, but also service, operation and maintenance contracts and construction and engineering contracts;
- in waste, it signs service contracts, management contracts, (delegated or non-delegated, integrated or non-integrated), operation and maintenance contracts and design-build-operate contracts.

In 2009, 52% of SUEZ Environnement's consolidated revenue came from the water segment and 48% from waste. In water, in 2009 SUEZ Environnement operated some 1,900 drinking water production plants, servicing 90 million people. SUEZ Environnement also operated more than 1,600 wastewater treatment plants for 58 million people. In waste, in 2009 SUEZ Environnement treated over 40 million tons of waste, and provided waste collection services for over 46 million people as well as over 460,000 businesses. Degrémont, the world leader (in terms of revenue) in designing and building wastewater treatment plants, also offers SUEZ Environnement a key advantage that sets it apart from its competitors.

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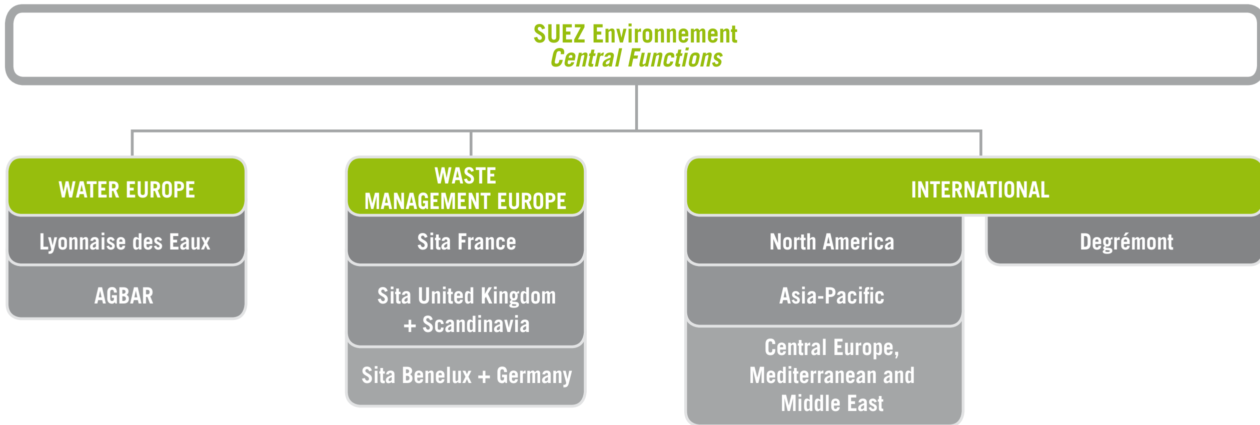
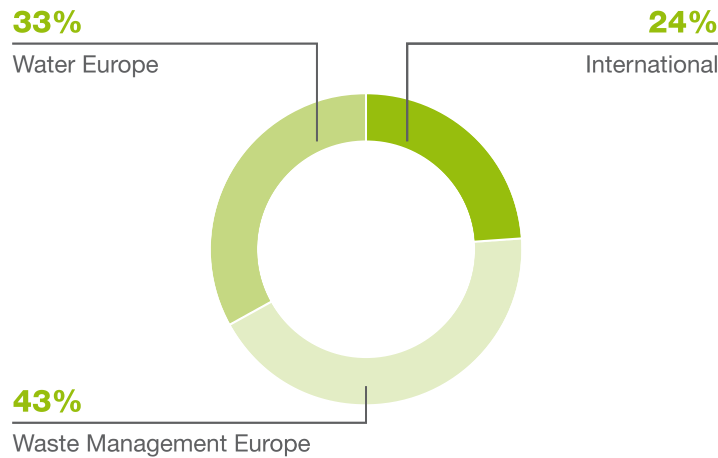
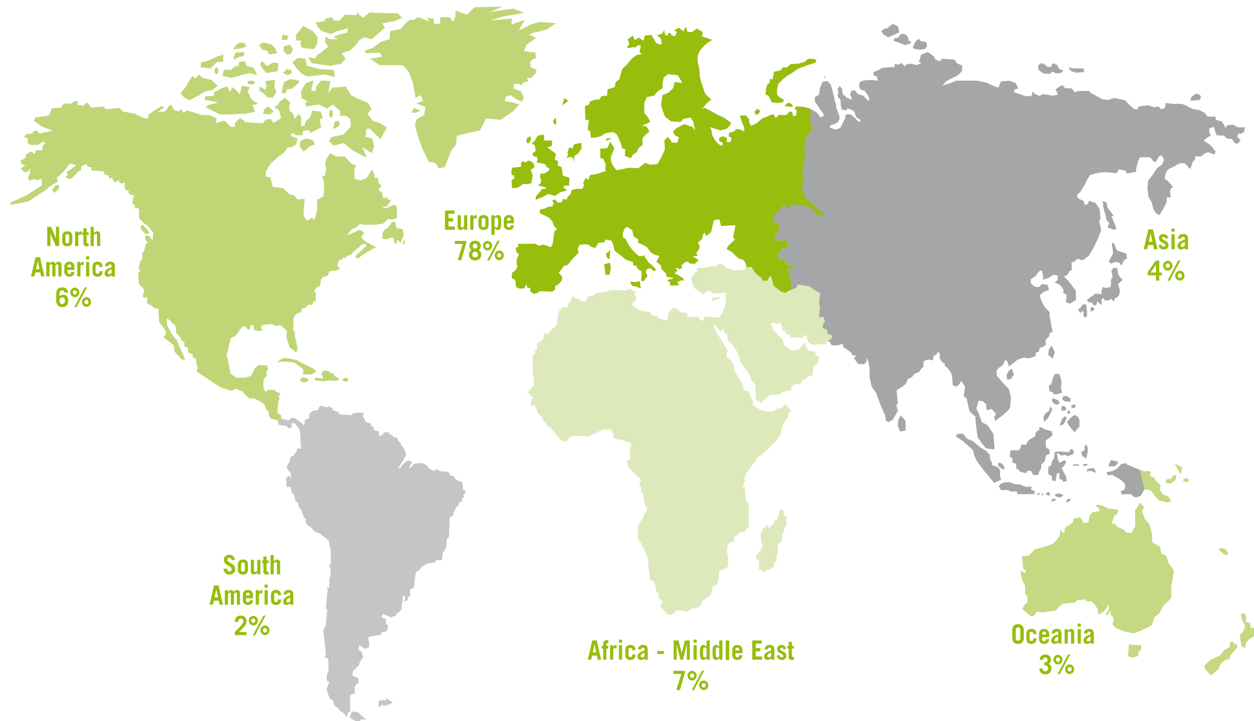
SUEZ Environnement is structured around three main segments - Water Europe, Waste Europe, and International (Degrémont and activities outside Western Europe) - split into nine business units. Another segment, called Other, covers only corporate functions. The chart below shows how the nine business units are organized:



The chart below shows SUEZ Environnement's consolidated revenue breakdown as of December 31, 2009, in terms of its structure ("Other" is not shown as it covers only the corporate functions grouped under SUEZ Environnement):



Traditionally, SUEZ Environnement Group finds its source of growth in the European market which remains its benchmark region. On the basis of this European stronghold, which is particularly marked in France, SUEZ Environnement is adept at adapting its expertise and skills for use in other continents. The chart below shows the SUEZ Environnement Company revenue broken down by geographical area at December 31, 2009[1]

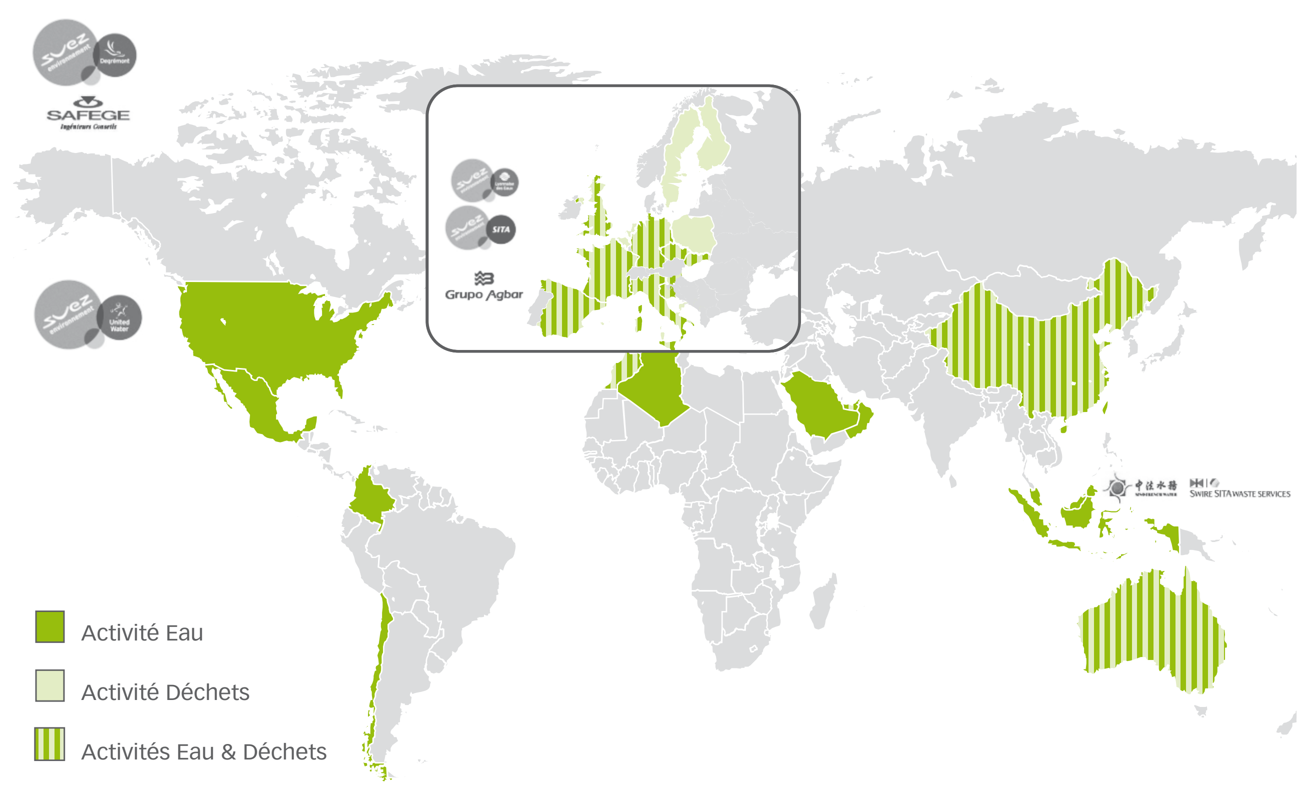


SUEZ Environnement has a broad network of subsidiaries and branches; at the end of 2009, it was operator in over 35 countries. As a result, outside of Europe, major cities such as Indianapolis, Hong Kong, Casablanca, Jakarta, and more recently Melbourne have turned to SUEZ Environnement to manage all or part of their water, sanitation and waste management, or for the construction of large infrastructures in those areas. SUEZ Environnement usually operates in partnership with local public or private entities (industrial companies, finance companies, or associations) that have an in-depth knowledge of the local context, following the example of its historic partnership with La Caixa (Agbar in Spain), or with New World (Sino-French Holdings in China).

SUEZ Environnement operates around the world under various well-known brands, in particular SITA in the waste segment, and Lyonnaise des Eaux, United Water, Degremont, and Ondeo Industrial Solutions in the water segment.

(1) This map shows the geographic breakdown of SUEZ Environnement revenue, separately from the accounting segmentation used for its consolidated financial statements.

The map below shows the locations of the main subsidiaries as well as the main brands under which SUEZ Environnement was active around the world as of December 31, 2009.



Lastly, SUEZ Environnement has always placed research and development (R&D) at the heart of its business, particularly through major partnerships, teaming up with both public agencies (e.g., Cemagref, the French national center for scientific research (CNRS), the Universities of Tongji and Tsinghua in China, University of California Los Angeles (UCLA) in the United States) as well as private entities (R+i Alliance partnership involving Lyonnaise des Eaux, Agbar, United Water, Northumbrian Water, and SUEZ Environment, and participation in the Global Water Research Coalition (GWRC)).

For more detailed information about SUEZ Environnement Company, see its Reference Document.

2.2 PROPERTY, PLANTS AND EQUIPMENT

The Group owns or rents a significant number of real estate properties, facilities, and plants around the world, most of which are in Europe. Many Group activities involve operating very large plants that the Group only partially owns.

As of December 31, 2009, the Group operated electricity power plants, natural gas terminals and storage facilities in over 30 countries.

The tables below show the main facilities currently in operation, either wholly or partially owned by the Group. Leased properties are covered in notes 20 and 21 of section 11.2.

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ELECTRICITY POWER PLANTS (>400 MW)

Country	Site/activity	Total capacity *(MW)*	Activity
Germany	Zolling	954	Coal fired plant
Saudi Arabia	Marafiq	660	Natural gas fired plant
Bahrain	Al Ezzel	954	Natural gas fired plant
	Al Hidd	938	Cogeneration plant
Belgium	Doel	2,878	Nuclear plant
	Tihange	3,024	Nuclear plant
	Amercoeur	420	Natural gas fired plant
	Coo	1,164	Pumped-storage plant
	Drogenbos	538	Natural gas fired plant
	Herdersbrug	460	Natural gas fired plant
	Kallo	522	Natural gas fired plant
	Rodenhuize	526	Coal, biomass plant
	Ruien	879	Coal, biomass plant
Brazil	Cana Brava	450	Hydro plant
	Ita	1,450	Hydro plant
	Machadinho	1,140	Hydro plant
	Salto Osòrio	1,074	Hydro plant
	Salto Santiago	1,420	Hydro plant
	Jorge Lacerda	773	Coal fired plant
Chile	Tocopilla	938	Natural gas, coal, fuel oil fired plants
	Mejillones	556	Natural gas, coal fired plants
United Arab Emirates	Taweelah	1,592	Natural gas fired plant
Spain	Cartagena	1,199	Natural gas fired plant
	Castelnou	758	Natural gas fired plant
United States	Astoria	575	Natural gas fired plant
	Red Hills	1,186	Natural gas and coal fired plant
	FirstLight	1,538	Hydro, natural gas fired and other plants
	Hot Spring	746	Natural gas fired plant
	Wise County Power	746	Natural gas fired plant
France	DK6 (Dunkirk)	788	Plant fired by natural gas and steelworks gas
	CyCoFos	486	Plant fired by natural gas and steelworks gas
	CombiGolfe	424	Natural gas fired plant
Hungary	Dunamenti	1,677	Natural gas fired, cogeneration and other plants
Italy	Torre Valdaliga	1,455	Natural gas fired plant
	Vado Ligure	1,372	Natural gas and coal fired plant
	Rosignano	742	Natural gas fired plant
Oman	Al-Rusail	665	Natural gas fired plant
	Barka II	678	Natural gas fired plant
	Sohar	585	Cogeneration plant
Netherlands	Bergum	664	Natural gas fired plant
	Eems	2,456	Natural gas fired plant
	Gelderland	590	Coal fired plant

Country	Site/activity	Total capacity *(MW)*	Activity
Peru	Chilca	541	Natural gas fired plant
Poland	Polaniec	1,654	Coal fired plant
United Kingdom	Teesside	1,875	Natural gas fired plant
Singapore	Senoko	3,195	Natural gas and fuel oil fired plants
Thailand	Bowin	713	Natural gas fired plant
	Glow	995	Cogeneration plant
Turkey	Ankara BOO	763	Natural gas fired plant

UNDERGROUND NATURAL GAS STORAGE FACILITIES

Country	Location	Working volume (Mm^3)
France	Gournay-sur-Aronde (Oise)	1,280
France	Saint-Clair-sur-Epte (Val-d'Oise)	485
France	Germigny-sous-Coulombs (Seine-et-Marne)	880
France	Beynes (Yvelines)	497
France	Saint-Illiers-la-Ville (Yvelines)	690
France	Soing-en-Sologne (Loir-et-Cher)	220
France	Chémery (Loir-et-Cher)	3,640
France	Céré-la-Ronde (Indre-et-Loire)	545
France	Cerville (Meurthe-et-Moselle)	650
France	Etrez (Ain)	576
France	Tersanne (Drôme)	166
France	Manosque (Alpes-de-Haute-Provence)	265
Germany	Reitbrook	175
Germany	Fronhofen	35
Germany	Peckensen	60
Germany	Schmidhausen	50
Canada	Pointe du Lac	20
Canada	Saint-Flavien	100
Slovakia	Nafta	2,100
Slovakia	Pozagas	620
Romania	Amgaz	20
Romania	Depomures	300

LNG TERMINALS

Country	Location	Total capacity
France	Montoir-de-Bretagne	10 Gm^3(n)/yr
France	Tonkin (Fos-sur-Mer)	7 Gm^3(n)/yr(1)
France	Cavaou (Fos-sur-Mer)	8.25 Gm^3(n)/yr(2)
United States	Everett	7 Gm^3(n)/yr
United States	Neptune	3.4 Gm^3(n)/yr

(1) Capacity will be reduced to 5.5 Gm^3 (n)/yr when the Fos Cavaou terminal is in full commercial service.
(2) Available capacity once the facilities are in full commercial service.

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2.3 INNOVATION, RESEARCH & DEVELOPMENT POLICY

2.3.1 INNOVATION AT THE CORE OF GDF SUEZ STRATEGY

GDF SUEZ provides public utility services to municipalities and businesses around the world. Developing and implementing the solutions of tomorrow are an integral part of its mission. This requires continuous innovation for activities such as promoting electricity production facilities that emit the least greenhouse gas, managing the liquefied natural gas value chain, and offering environmentally and energy-efficient solutions to all our customers: private individuals, businesses, local authorities.

The Group's know-how is the fruit of a dynamic research and innovation policy that relies on an international network of research centers and laboratories and on partnerships with recognized international bodies. Driven by a passion to innovate, more than 1,200 researchers are inventing and testing new solutions that allow all its business lines to achieve technological excellence.

Their work is focused mainly on four areas: security of supply, improving technological and economic performance, reducing environmental impact, and fighting climate change.

GDF SUEZ runs projects focused on technologies of the future in the context of its transversal research programs and responds to requests from its business lines to improve a particular process or adapt a technique through targetted projects.

Eight major transversal programs have been implemented to prepare tomorrow's technologies: renewable energy, CO_2 capture and storage (CCS), desalination and associated energy, energy storage, offshore LNG, sustainable cities, smart metering and smart grids.

In 2009, expenditure on research & development in technology amounted to €218 million with some 3,500 patents in its portfolio (including SUEZ Environnement).

The Group's systematic drive to stimulate and promote innovation allows to position on the competitive edge in its areas of competence. In 2009, innovation and performance were more than ever at the heart the GDF SUEZ's business culture with a major event: the Innovation Initiative Trophies. An annual competition, it reflects the four essential values that animate the Group as selected by its employees: drive, commitment, daring and cohesion. In 2009, 448 initiatives were put forward and 14 Grand Prizes and 6 Value Creation Labels were awarded.

2.3.2 WORLDWIDE NETWORK OF RESEARCH CENTERS

Research and Innovation activity is directed by the Research and Innovation Department and is carried out mainly in specialized research centers:

- **CRIGEN** (*Centre de Recherche et Innovation Gaz et Energies Nouvelles*), the corporate research center for research and innovation in gas and new energies, is located in the Paris region, has 526 staff, manages a portfolio of 1,200 patents and develops offers for its various customer segments (residential, industrial, local authority), new energies (renewables, energy storage, CO_2 capture and storage), gas infrastructures (safety, performance), LNG, web innovations, and workstation mobility solutions. CRIGEN's R&D budget in 2009 was €106 million.

Key successes:

- support of the Group's renewable-energies strategy and contributed to the launch of the Dolce Vita Photovoltaic offer,
- supported by ADEME, as part of the *"Fonds Démonstrateurs"* experimental-research funding program, creation of a technological platform, unique in Europe, for biomass gasification (GAYA project),
- successful completion of the European EU-DEEP project to integrate decentralized energy resources into the power grids, coordinated by GDF SUEZ,
- presentation for the first time of an analysis of the life cycle of the European gas chain at the World Gas Congress in Buenos Aires,
- development and certification of a pressurized sleeve with a tapping device that allows repairs to be made on a gas transmission pipeline without emptying it of gas,

- support in the selection of floating LNG terminal equipment in Italy including the measurement and transfer of LNG and the selection of tugboats,
- development of a tool for designing long-term energy demand scenarios (to 2030),
- founding member of the industrial chair in "CO_2 capture, transmission and storage",
- ADEME selected the *"France Nord"* CO_2 transmission and storage project with GDF SUEZ as partner.

- **Laborelec,** attached to the Energy Europe and International business line, is the GDF SUEZ Group's center for research and skills in electricity technology located near Brussels. In 2009, it had a staff of 250 and achieved revenues of some €46 million. Its competence and activities cover the production, transmission, distribution and end use of energy. Its expertise focuses on reducing environmental impact, improving availability and maintenance, and the energy systems of the future.

  Key successes:

  - created the micro-network for the Princess Elizabeth South Pole Station,
  - installed a site for testing LED-based (Light Emitting Diodes) public lighting devices,
  - prepared the conversion of one of the Rodenhuize power plants to a 100% biomass-fired plant,
  - thermodynamic modeling to improve power plant performance,
  - life cycle analyses to assess the environmental impact of various electricity generation technologies.

- **Cylergie,** attached to the Energy Services business line, is based near Lyon. Its competencies are used for energy services activities. Special attention was paid to energy efficiency, management of air quality and health, and monitoring performance commitments. Its research priorities are: heating and cooling networks, energy management, metrology and tele-systems, renewable energies and new technologies for energy, air quality and health.

  Key successes:

  - development of a boiler-room control simulation software package to be used initially for training technicians in energy management.

- **SUEZ Environnement's R&D centers (CIRSEE, DENARD, CETAQUA and Shanghai Chemical Industry Park, Sino French Water Development Co. Ltd.) and network of experts,** based in France, Spain, the United States and China. In addition to solving major issues posed by health and environmental risks, SUEZ Environnement's research efforts are aimed at responding to the challenge of sustainable development: the fight against climate change, limiting the impact of the Group's activities, and managing environmental impact and health and environmental risks. SUEZ Environnement invested €65 million in research, technological development and innovation in 2009. In all, there are over 400 researchers and experts working full-time on technology Research and Development.

  Key successes:

  - **In Research:**
    - PET bottle recycling line (Limay bottle to bottle plant): production of recycled-PET granules that have the same technical and health properties as virgin PET,
    - identification and treatment of micro-pollutants in sewage plants to fight pollution in water.
  - **In Development:**
    - CityBiose®: Safege offers local authorities an evaluation and visualization tool for managing the environmental performance of the services they provide in terms of drinking water, wastewater treatment, waste, public transport, public lighting, and energy for public buildings,
    - computer modeling system for real-time monitoring of rainwater incorporating weather forecasts and information on the circulation of water flows in the systems.
  - **In product innovation:**
    - Degrés Bleus: a Lyonnaise des Eaux technology that uses the calorific value of wastewater to heat buildings,
    - Cyclabelle® is an innovative domestic electrical appliance that can reduce the volume of recyclable packaging by a factor of 4, allowing, for example, a standard 40-liter bag to hold up to 160 liters of packaging waste,
    - Remote-metering to monitor water consumption in real-time.

- **Tractebel Engineering,** attached to the Energy Services business line, has operations in Belgium, France, Italy, Poland, Romania, the Czech Republic, India, and Brazil, and focuses its R&D activity on three lines: sustainable energy (low-CO_2-emission thermal energy production and renewable energies), nuclear energy and transmission and distribution networks.

- **The Exploration-Production Department,** attached to the Global Gas and LNG business line, operates R&D for the Group in geosciences for exploration-production needs and in underground storage.

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- **In the nuclear field,** R&D strategy is set by the Nuclear Activities Department, and the Research and Innovation Department contributes to carrying it out. Various R&D activities are undertaken in the following areas: surface and deep storage of nuclear waste, decommissioning and dismantling of nuclear facilities, improvement of existing technologies, safe extension of facilities-lifetime, chemistry of primary, secondary and tertiary circuits, and participation in the development of new technologies (4th generation fast-neutron high temperature nuclear reactors (GEN IV), experimental international fusion thermonuclear reactor (ITER), etc.).

2.3.3 INTELLECTUAL PROPERTY

2.3.3.1 Patents

- CRIGEN
  - 11 French patents were filed in 2009: 9 in the name of CRIGEN and 2 in the name of GDF SUEZ Energy Services,
  - 15 applications to extend patents to jurisdictions abroad were filed with patent offices in various countries and 29 foreign patents were granted (24 national approvals of 4 European patent applications, 3 in Canada, 2 in the US),
  - The portfolio thus consists of 192 French patents and 1,028 foreign patents,
  - 10 patent licenses and/or know-how licensing agreements relating to 3 patents and 4 software applications (Persee, RAMCES II, GAD, LRC Master/Expert) were concluded,
  - Submission in support of an opposition by six European gas companies including Storengy France and Storengy Germany to a European patent application by Texas company Canatxx Energy L.I.C. This patent concerns the use of gas storage and could restrict Storengy's freedom to operate its storage facilities.
- SUEZ Environnement
  - SUEZ Environnement had a portfolio covering 239 patent categories. In 2009, 22 patents were registered in the name of SUEZ Environnement or its subsidiaries including Degrémont, Lyonnaise des Eaux France, SITA France and Safege. It holds patents in the entire range of water and waste activities,
  - In total, SUEZ Environnement holds some 2,000 national patents, filed in over 70 countries.

2.3.3.2 Trademarks

- CRIGEN
  - 48 French registered trademarks, including in particular "GDF SUEZ Global Energy" and "Storengy" (semi-figurative trademarks); for CRIGEN, the "Ouitest" and "Bore@s" trademarks; for Energy France, "Gaz de France", "GDF" (verbal trademarks) and *"Attestation souscription compensation CO_2"* (certificate of subscription to CO_2 compensation),
  - 37 registered trademarks abroad, including "Storengy" in Hungary, the Czech Republic, Spain and Italy; "Generations Horizon" in Brazil and Indonesia,
  - Acquisitions: 4 French trademarks and 1 EC trademark initially held by patent owners other than GDF SUEZ,
  - Much prior research, including for the Research and Innovation Department, in particular for the Bore@s, Ouitest, Ocsygen, and Mobidis trademarks and for various Energy France business line projects, of strategic importance,
  - A decision in GDF SUEZ's favor was handed down on December 3, 2009 in the opposition proceedings pending since 2007 which had held up its EC registration of the figurative trademark *"Partenaire Dolce Vita et Provalys"*,
  - 4 licenses were signed for 15 trademarks,
  - The Office for Harmonization in the Internal Market (OHIM) turned down two oppositions by the Spanish company REPSOL against 2 figurative trademarks connected with Dolce Vita.
- SUEZ Environnement
  - As of December 31, 2009 SUEZ Environnement held a portfolio of some 500 trademarks,
  - In 2009, the Group registered 61 new trademarks (2 by SUEZ Environnement, 22 by Lyonnaise des Eaux, 17 by Degrémont, 17 by Ondeo IS, 2 by Safege, 2 by R+i Alliance), notably Dolce Ô, Cleargreen, Seasmart, Maison Bleue, Edelway+ Logo, Nadia, Zone Libellule, Idroloc, etc.

2.3.3.3 Software

- CRIGEN
  - 18 software applications were registered.
- SUEZ Environnement
  - 17 software applications were registered.

2.3.3.4 Domain names

- CRIGEN
  - 271 domain names were purchased and 15 domain names held by a subsidiary were taken over.
  - In 2009, 1,617 domain names were registered.

3

SUSTAINABLE DEVELOPMENT AND ETHICS

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3.1 SUSTAINABLE DEVELOPMENT

In 1987, the Brundtland Commission defined sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet theirs. Corporate Social Responsibility means voluntarily incorporating social and environmental aspects into management activities and taking stakeholder expectations into account. Thus, the long-term development of the Group's business must be consistent with:

- economic performance;
- social equality; and,
- environmental protection.

3.1.1 A COMMITMENT AT THE HEART OF THE GROUP'S IDENTITY

Sustainable development is an integral component of GDF SUEZ's identity. The Group aims to develop sustainable growth based on its assets and businesses: energy, water, and environment.

These businesses supply solutions to help customers reach their own sustainable development objectives. They are also active locally and require long-term investments.

Sustainable development is thus at the heart of the Group's strategy.

3.1.2 A COMMITMENT AT THE HEART OF THE GROUP'S STRATEGY

In a changing world, GDF SUEZ, a supplier of services essential to life and to the economy (energy, water and waste management), must take into account the major tensions that will influence the 21st century:

Demographic and territorial tensions marked by very disproportionate world population growth between developed and less-developed regions and growing urbanization, which will affect 65%[(1)] of the world population in 2025 and up to 80%[(1)] in certain countries.

Environmental tensions as illustrated specifically by climate change, which is occurring at an unprecedented rate. This phenomenon has prompted action by the European Commission and is now the subject of Europe-wide decisions through the Energy-Climate Package.

Tensions over fossil fuels and water, with energy price volatility, 1 billion people without access to drinking water and 2.6 billion people[(1)] without sanitation systems.

Economic and geopolitical tensions associated with growing inequalities among and within developing countries, exacerbated by demographic growth, the rising power of fast-growing new major economic players (the BRIC countries of Brazil, Russia, India, China and South Africa). Furthermore, weak growth in Europe will be accompanied by a decrease in energy intensity, especially in Western Europe. Finally, more recently, the financial crisis and its uncertain economic repercussions will likely invert the paradigms of the current economic system, which focuses on purely financial considerations, creating a shift toward social and environmental ones. In particular, company financial ratings increasingly include non-financial ratings in their overall evaluations.

Social tensions manifested in terms of poverty and inequalities, pressure on purchasing power in Western countries and consequences with regard to access to energy.

Stakeholders' increasing awareness of these changes translates into an emerging "ecological awareness" and, vis-à-vis corporations, into increasingly demanding expectations that extend beyond mere financial profitability. The tightening of current regulatory and legal provisions and ethical and corporate social responsibility obligations are intended to guide and provide a framework for the practices of tomorrow's economic world, and thus, of GDF SUEZ.

- As an international industrial operator, the Group will therefore be increasingly called up to justify its methods and means. However, this arena will offer opportunities for development in meeting:

(1) Global Environment Outlook (2007), United Nations Environment Programme (GEO-4 Global Environment Outlook 4).

- the growing needs of customers and local and national authorities;
- the expectations of other stakeholders (including current and future employees, NGOs and humanitarian associations, shareholders and the financial community);
- risks and roles linked to the specificities of the Group's businesses. In particular, the local establishment of facilities will further strengthen its social and environmental role vis-à-vis stakeholders;
- increasing regulatory requirements.

If the Group aims at being a major operator and address essential requirements over the medium-long term (2020-2050), it must be:

- a player in the world economy;
- a player in the environment; and,
- a player in the society.

3.1.2.1 The Group's sustainable development challenges

GDF SUEZ: a player in economic, social and environmental transitions

As one of the leading energy companies worldwide and as a leader in the water and environment sectors, GDF SUEZ is positioned to be a major player in the fight against climate change and the transition[1] toward a low-carbon economy that acts with greater respect for nature and its resources.

The transition toward this new society will involve significant structural shifts in the economy and in environmental and social policy[2].

- laws and regulations dealing with CO2 emissions, energy efficiency, conservation of scarce resources and biodiversity will continue to become clearer and more specific;
- the expectations of customers and society, and energy consumption methods will diversify, requiring corporate responses more and more tailored to social and environmental challenges;
- energy businesses will change gradually, whereas new jobs in the sustainable management of services will appear;
- these transitions will prompt new kinds of dialogue among players, including citizens, local governments, employee organizations, trade associations, authorities and corporations.

All this involves challenges for the competitiveness of corporations, especially energy corporations, but also offers opportunities.

Corporations' legitimacy will depend on their ability to innovate, commit actively to corporate and social dialogue and organize in response to the social challenges that these economic, social and environmental challenges will bring. This legitimacy, which must be won, will determine the sustainability of their operations, and quite simply their continued existence.

These complex transitions fall into very different timeframes. They will overlap and feed each other. By thinking ahead about what they will involve, GDF SUEZ can take a decisive step ahead, while putting the company's expertise to work on behalf of sustainable growth that meets the needs of the greatest number. By investing now to reduce its environmental footprint, the Group will create a valuable competitive advantage, as it reduces through careful planning the costs of these transitions and the risks that may affect its economic growth.

Group's challenges in the area of sustainable development

1. Anticipating the economic, social and environmental changes and transitions shaping the Group's strategic environment.
2. Participating in offering commercial products that incorporate sustainable development factors, in order to meet new market expectations.
3. Ensure the continuation of the corporation's activities. This depends on several factors, including incorporating sustainable development in corporate development and management.
4. Establishing relationships of trust with all stakeholders by demonstrating the Group's commitment in terms of transparency and clarity in conducting its businesses.
5. Developing ideas that will set the company's development on the "Low Carbon Economy" path that is taking shape for the 21st century.
6. Optimize the current energy mix, develop renewable energies, new products and services (such as services associated with energy savings/energy efficiency; CO_2-related products; products designed for green and sustainable development urban projects).
7. Strengthen the attractiveness and sense of belonging to the Group by making sustainable development the bond of the development of the company. Sustainable development is incorporated into human resources management via recruitment, skills management and training effort on sustainable development both internally and externally.
8. Develop energy awareness among all Group employees by encouraging daily energy-saving actions (eco-actions).

(1) *For example, the draft law on environmental transition is entitled "Grenelle 2".*

(2) *Conclusions from the OECD ministers' meeting on the environment, 4/29/2008.*

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3.1.3 SUSTAINABLE DEVELOPMENT WITHIN GDF SUEZ

3.1.3.1 The sustainable development policy

In September 2009, Gérard Mestrallet and Jean-François Cirelli officially established the Group's sustainable development policy, which aims at promoting sustainable growth based on the Group's assets and businesses (water, energy and waste management) so that it can establish itself quickly as a reference for sustainable development. This goal addresses three key areas:

Nº. 1: "Innovating for development and anticipating changes in energy, water and waste management markets"

Meeting market expectations and moving forward

Customer expectations are growing and diversifying. To develop a sustainable business, the Group must work towards a high level of customer satisfaction by developing products that focus on energy efficiency and CO_2 and by participating in building the city of tomorrow.

Ensuring quality and guaranteeing continuity of service

One of the hallmarks of GDF SUEZ service offerings is uninterrupted continuous supply. Quality issues (for example, calorific value and the use of gas odorants, electrical voltage, and water quality control) are included in concession specifications or, in France, public utility contracts. As a result, quality and service continuity are at the core of the commitments GDF SUEZ makes to its customers, users and local governments.

Promoting ethical behavior in business relationships

Complying with current laws and transparency in dealing with stakeholders are integrated into GDF SUEZ corporate approach. This includes:

- complying with national and international regulations, Group standards and principles of competition (preventing abuse of dominant positions, cartels and unfair practices);
- carrying out responsible purchasing procedures (including preventing conflicts of interest, using social, ethical and environmental criteria in choosing suppliers and analyzing manufacturing procedures in choosing products);
- informing customers of changes in commodities prices (sales of gas, electricity and water).

Nº. 2: "Ensuring continuity and local acceptance of our operations"

The presence of Group's industrial facilities is specific to its businesses (supplying water and energy, and waste management services) and essential to its continuity. To ensure its long-term development, the Group must not only meet stakeholder expectations, but GDF SUEZ must follow this policy at both local and global Group level on all social and environmental topics.

Ensuring a structured dialogue and listening to our stakeholders

To ensure its long-term continuity, the GDF SUEZ Group must build up relationships of trust with stakeholders based on attentiveness and dialogue.

Ensuring the industrial safety and security of facilities

Management tools and systems must be deployed throughout the Group to protect against attacks on the personal safety or security of users or third parties.

Limiting our exposure to climate change

The fight against climate change is one of the 21st century's – and GDF SUEZ's – main challenges. This effort includes:

- limiting greenhouse gas emissions;
- maintaining a balanced energy mix, with optimal CO_2 levels adapted to local needs, and that would promote the generation methods (nuclear, gas, coal plants, renewable energy);
- increasing the capacities of non-CO_2 emitting forms of energy (nuclear and renewable energy) and the proportion of these energies in the energy mix;
- improving the energy efficiency of Group facilities;
- preserving natural resources and decreasing the environmental impact of our activities.

Fighting corruption

Corruption is the main threat to good governance, sustainable economic development and fair business practices. That is why GDF SUEZ is strongly committed to the fight against corruption.

Nº. 3: "Enhancing GDF SUEZ's attractiveness, effectiveness and cultural cohesion"

Developing human and intellectual capital is a major challenge for the Group. GDF SUEZ must be able to rely on skills and expertise for environmentally-sound growth. In turn, sustainable development values are a powerful driver of cohesion and a shared culture among Group employees, particularly in a post-merger context.

Building up Group culture based on sustainable development

Sustainable development is a point of cultural convergence among employees. GDF SUEZ seeks to gather employees around shared values identity linked to sustainable development, which is at the heart of the company's fundamentals.

Encouraging equal opportunity

An international Group must have a diverse workforce. Diversified work teams help better meet customer expectations. To ensure that diversity is effective, the Group reaffirms the principle of equal opportunity in access to employment. It is committed to fighting against any form of discrimination in hiring, access to training and promotion (including professional equality between men and women, integration of the handicapped and individuals of different ethnic origins). In particular, this involves enhancing equal opportunity employment within the company, especially for those who have a lack of training and education.

Developing the Group's attractiveness and retaining talented employees

Large companies will have to deal with significant challenges in terms of hiring. The younger generation places critical weight on finding "meaningful work". The opportunity to be part of a socially-responsible Group that is committed to the planet's future, with the resources necessary to ensure its position as a world energy leader, is a key distinguishing factor.

Improving the sense of "well-being" at the workplace

As an international company, GDF SUEZ seeks to be an exemplary employer in terms of working conditions, so that employees can pursue the company's mission and evolve professionally.

Developing professionalism

The Group's effectiveness is based on employee adaptation to changes in their environment.

- recruit and retain talented employees (including a policy of hiring high-potential employees, recruiting campaigns, partnerships with schools);
- strengthen in-house promotion and training;
- provide every employee the resources necessary for personal and career development.

3.1.3.2 Organization of sustainable development within the Group

The Sustainable Development Department, which is part of Group's Strategy and Sustainable Development Department, is made up of three separated units: Management & Performance, Corporate Social Responsibility, and Environment and Climate. Sustainable Development Department's responsibilities include:

- proposing Group policies and strategies on sustainable development, promoting their implementation with operational units and functional divisions, and organizing their reporting and external implementation;
- monitoring the sustainable development objectives within the framework of Group's management principles;
- leading necessary "Group" projects to prepare strategies or promote their implementation;
- lead the network of sustainable development correspondents of Group's operational entities and corporate functions;
- managing the Group's external relationships with non-financial rating agencies and international bodies on these matters; with this regard, ensure monitoring and the Group's presence in order to promote its interests;
- promoting the Group's sustainable development image in collaboration with the involved departments;
- taking action to integrate sustainable development values within the Group and create cohesion around them;
- leading the major sustainable development partnerships with NGOs;
- providing oversight for Research and Development projects on sustainable development.

3.1.3.3 Management of sustainable development

Implementing a sustainable development governance and management procedure is the ongoing improvement dimension of the process. Including sustainable development within GDF SUEZ management is at stake to ensure that the business entities adopt environmental and social criteria, along with financial and economic ones, in managing their operations and measuring their performance. In addition, the non-financial rating agencies and Socially Responsible Investment (SRI) funds expect companies to have a system for overseeing and measuring results. The system is based on a governance system, the organization of a community, a management system, and reporting tools.

Sustainable development governance

Sustainable development governance is organized around principles and an oversight structure composed of bodies initiated at the highest corporate level. Those bodies are the following:

- **the Ethics, Environment and Sustainable Development Committee,** a creation of the Board of Directors. In 2009, it met every two months specifically to develop the Group's annual sustainable development strategy as of January, to validate the sustainable development plan of action in June, to consolidate the annual environmental reporting in October and the sustainable development research actions in December;
- **a sustainable development policy steering committee** composed of:
  - business line sustainable development managers,
  - representatives of the Sustainable Development Department,
  - headquarters departments (including Human Resources Department, Health, Safety and Management Systems Department, Ethics Department and the Research and Innovation Department…).

Its mission is to prepare annual action plans, monitor their implementation, gather experiences across the Head Office and the business lines, and encourage exchange on major sustainable development strategies (including the fight against climate change and corporate social responsibility).

Organization of the sustainable development community

The sustainable development community is based on a network composed of:

- business line sustainable development managers and representatives of the Sustainable Development Department (who make up the sustainable development steering committee);
- Departments (purchasing, human resources, health and safety, communications);
- Business Unit (BU) and subsidiary sustainable development representatives;
- French regional office delegates.

The responsibilities of the business line sustainable development managers include:

- implementing the sustainable development policy within their business line or BU;
- carrying out the sustainable development action plans by their business line or their BU;
- including sustainable development in their business line's strategic planning – strategic plan, medium-term business plan;
- raising awareness, training and mobilizing all employees around sustainable development;
- gathering the experience within their business line and BU.

Sustainable development management system

The sustainable development management system is part of the Group's organization. Its goal is to set up a process of continuous improvement to strengthen the Group's leadership in sustainable development based on verifiable results (certifications, internal control, and audit) and its reputation.

Each business line's medium-term business plan now incorporates sustainable development. The business line's sustainable development manager uses the business plan to develop the annual action plan. The results, which are aggregated in the Group's sustainable development indicators, are analyzed to confirm the implementation of the sustainable development policy Group-wide.

In addition, sustainable development is one of the items analyzed in performance reviews, which are held as often as required, within each business line, but at least annually, based on the execution of the sustainable development action plans and measured results. In addition, the internal control and audit program ensure that some items of the implementation are integrated into their program and system, in coordination with the Strategy and Sustainable Development Department. Lastly, sustainable development criteria are included in the analysis of proposed investments.

Sustainable development objectives are an entire part of business line and BU objectives. A project has been initiated to include sustainable development criteria in manager evaluations.

Group sustainable development indicators

Setting goals and ensuring strict monitoring are the keys of success of the Group's sustainable development policy. The objectives, both quantitative and qualitative, have different deadlines and the achievement is measured by indicators. A scorecard of Group sustainable development indicators has been set up, bringing together the major sustainable development indicators shared throughout the Group. These indicators enable to monitor the Group's progress year to year. The sustainable development indicators:

- represent the sustainable development goal and policy;
- ensure balance in terms of coverage:
  - of the main lines of the sustainable development policy; and
  - the areas of sustainable development: quality, health, security, environment and corporate social responsibility;
- are consistent with the Group's commitments to fighting climate change (GDF SUEZ's "12 commitments for Grenelle of Environment");
- include statistical data, validated by the management and with comments by the operational entities that provided the data.

3.1.3.4 Non-financial indices

GDF SUEZ Group was created in 2008. Since 2009, it has been included in the ASPI Eurozone® index (Advanced Sustainable Performance Indices), which is the reference European index for companies and investors committed to corporate sustainable development and corporate responsibility.

In December 2009, GDF SUEZ joined the Italian ECPI Ethical Index EMU, a classification by E. Capital Partners, a firm rating socially responsible investments, which brings together the 150 most responsible European companies in the EMU (Economic and Monetary Union) market according to ESG (Environmental, Social and Governance) requirements.

In January 2010, GDF SUEZ received an A rating from Innovest, world leader in social and environmental analysis and rating, and it appears in the Sustainability Yearbook 2010, a ranking of companies made by the SAM rating agency, qualified as "SAM bronze class."

GDF SUEZ ranks 4th among the largest energy companies, according to the rating by Tomorrow's Value.

3.2 ENVIRONMENTAL COMMITMENTS

Environmental challenges, such as climate change, limited water and energy resources, and protection of the natural environment, are at the heart of GDF SUEZ' activities. Although the Group's businesses can have a positive environmental effect, they also have an impact on natural habitats and resources that must be measured, controlled and reduced to a minimum, as part of a process of continuous improvement.

GDF SUEZ takes specific measures to reduce direct impact on the environment of electricity generation, energy services, gas-related activities and water and waste management. The Group has implemented a Sustainable Development program and one of its objectives is to decrease the financial risks associated with environmental management. GDF SUEZ offers its municipal and business customers innovative solutions to their environmental challenges, that are both efficient and cost-effective, helping them carry out their legal responsibilities in terms of water and waste management, and make better use of energy resources.

The Group ensures that all installed or managed facilities and services continually comply with the increasing requirements of environmental laws, and it anticipates new regulations in order to better meet the expectations of its customers and all stakeholders.

Through a network of environmental coordinators, the Group encourages its subsidiaries to implement environmental policies based on their operations, local economic conditions, and the expectations of their customers, both local authorities and industries.

Risk management is carried out through the many certified environmental management programs implemented within the Group, or via risk management plans implemented for this purpose. Employee training, innovation and research programs all contribute to the operational control of these risks.

3.2.1 THE LEGAL AND REGULATORY FRAMEWORK

Environmental laws are changing rapidly. In this context, the diversity of the Group's activities is such that any regulation aimed at reducing emissions into the air, water and soil and the impact on biodiversity and health is likely to have a direct consequence on the operation of facilities.

For European and international facilities, the reference texts, as well as their transpositions into national law, as relevant, may be divided into four categories:

- directives imposing restrictions on performance by type of facility, such as the IPPC[(1)] (2008/1/EC) directive or the sector-specific directives (e.g. directive LCP[(2)] (2001/80/EC) or the waste incineration directive (2000/76/EC); the IPPC directive is being revised and will be known as the IED (Industrial Emission Directive); it will replace the IPPC, Waste incineration (2000/76/EC) and LCP directives, among others;
- directives governing local or global impacts on affected areas, such as the directives for a community policy concerning water (2000/60/EC), ambient air quality (96/62/EC, repealed as of June 2010 and replaced by directive 2008/50/EC) and environmental responsibility (2004/35/EC);
- directives establishing global objectives imposed on emitters such as the NEC (National Emission Ceilings) directive, setting national emission ceilings (2001/81/EC), the one defining the greenhouse gas emissions quota exchange system (2003/87/EC), and those promoting cogeneration (2004/8/EC) and the use of renewable energies (2001/77/EC). This directive was amended in 2009 by directive 2009/29/EC;
- various specific directives or regulations, such as 2003/105/EC (the Seveso directive), governing the storage of hazardous products, the waste directive 2008/98/EC, the groundwater directive, the bathing water directive, European regulation REACH[(3)] 2006/1907/EC, providing for the registration of tens of thousands of chemical substances produced or imported in Europe and regulation E-PRTR[(4)], which significantly expands annual reporting obligations.

Each of these directives is subject to periodic revisions, which are difficult to foresee precisely, but which tend systematically to promote more stringent restrictions. In addition, their transposition into national or regional laws is often extremely varied, with each country including its own environmental objectives and socio-economic restrictions.

(1) The IPPC (Integrated Pollution Prevention and Control) directive subjects industrial and agricultural activities with high pollution potential to authorization. Such authorization may be granted only when certain environmental conditions are met, so that companies themselves assume responsibility for preventing and reducing the pollution they are likely to cause.

(2) The LCP (Large Combustion Plant) directive is intended to limit emissions of certain pollutants emitted by large combustion plants.

(3) The REACH (Registration, Evaluation and Authorization of Chemicals) regulation implements a unique integrated system for registration, evaluation and authorization of chemical substances in order to improve the protection of human health and the environment.

(4) The E-PRTR (European Pollutant Release and Transfer Register) register requires annual reporting of relevant data.

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Moreover, initiatives such as the Regional Greenhouse Gas Initiative (RGGI), the first mandatory restrictions in nine U.S. states (Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont), have been implemented to reduce greenhouse gas emissions. As of January 1, 2009, the goal of these states is to reduce emissions from electricity production by 10% in 2018 compared to 2009 levels.

It should be noted that tighter restrictions encourage the use of services outsourced to companies such as GDF SUEZ. Indeed, increasingly stringent restrictions impose demands on service providers, which large companies are better able to meet.

3.2.2 ENVIRONMENTAL POLICY

Because the environment is at the heart of its businesses, GDF SUEZ has chosen to include among its shared core values respect for the environment, as a way to improve the quality of life on a sustainable basis. For GDF SUEZ employees, this is not just a matter of providing customers with the most effective techniques and expertise. It also involves ethics and a commitment to the environment and to sustainable development.

The Group acknowledges its special engagement for the environment, and its actions take into account sustainable development, with its ecological, economic and social considerations. In each of these areas, the Group applies the standards set by current regulations. The Group conducts the research necessary for this purpose. It uses economically acceptable methods and techniques, aiming at reducing environmental impacts, improving nature protection, and promoting sustainable development.

The Group's environmental charter

The environmental charter serves as a reminder that respect for the environment is at the heart of the Group's identity and strategy. Everyone must draw inspiration from its principles on a daily basis. The charter is based on the following:

1. Commitment

For GDF SUEZ, respect for the environment and for human beings who both act upon and depend from the environment, is at the foundation of its identity and values. This respect is expressed on a daily basis in the professionalism and commitment of every Group employee. The Board of Directors of GDF SUEZ, the Ethics, Environment and Sustainable Development Committee, the Boards of Directors and the companies' general management ensure that the actions carried out are consistent with this commitment. Every year, they determine and announce the objectives that will ensure compliance. The Group is engaged in:

- taking environment and sustainable development into account;
- complying with environmental protection and public health laws;
- organization and responsibilities;
- mobilizing each employee.

2. Understanding

GDF SUEZ studies the environment to better understand it and to design high-performance, economically-sound and useful procedures to protect and improve it. GDF SUEZ measures the impact of its activities on the environment to better manage those impacts and control risks by working to conserve natural resources and their balance. To do so, the Group takes the following into account:

- environmental analysis;
- risk prevention;
- crisis management;
- awareness.

3. Expertise

GDF SUEZ businesses offer solutions appropriate to each context in order to promote environmental protection and sustainable development. The companies conduct research programs and encourage innovation for continuous improvement and the creation of processes that meet customer and Company expectations or are required by changing regulations. The Group develops and improves its expertise in the areas of:

- research and development;
- pollution mitigation and environmental improvement;
- recycling and eco-efficiency.

4. Sharing

GDF SUEZ and its subsidiaries are intent on communicating their objectives and results in terms of environmental progress to their employees, customers, shareholders, partners, environmental protection authorities and the community in general through:

- communication;
- partnership;
- environmental awareness, education and training;
- philanthropy.

3.2.3 THE ENVIRONMENTAL MANAGEMENT SYSTEM[1]

At the end of 2009, the entities that announced an environmental commitment policy or declaration accounted for 95.7% of relevant Group revenues[2] in terms of environmental impact. These commitments may lead to the implementation of Environmental Management Systems (EMS), based on economic conditions and the importance of such a procedure. These EMS may then be subject to external certification, when justified. At December 31, 2009, 48.9% of relevant revenues were covered by certified EMS (ISO 14001 certifications, EMAS registrations[3], ISO 9001 version 2000 certifications with the environment component and local certifications).

Percentage of relevant revenues covered:

Indicator title	GDF SUEZ 2008	GDF SUEZ 2009	Scope covered in 2009 (% elevant revenues)
by an EMAS certification ■■	6.70%	6.30%	97.8
by an ISO14001 (non-EMAS) certification ■■	39.40%	42.60%	98.2
by other external EMS certifications	2.70%	5.3%	99.4
by an internal certification (but not by a certified EMS)	21.20%	17.2%	99.5

■ *Verified by the Auditors with a "moderate" assurance.*

■■ *Verified by the Auditors with a "reasonable" assurance.*

When the implementation of a certified or registered management system is not economically justified, entities are encouraged to define an internal environmental management system ensuring proper concern for the environment in carrying out their strategy. Thus, some Group entities have deemed it more advisable to define their own management system standard and to recognize it internally.

GDF SUEZ uses a **dynamic self-assessment system** to size up the maturity of EMS, allowing operating sites to easily identify areas for improvement and evaluate the adequacy of their EMS to local circumstances. This system also enables them to monitor their progress and make comparative analyses with other Group sites.

(1) See Appendix B "Statutory auditors report on the review of selected environemental and social indicators"

(2) Relevant revenues: after excluding revenues from activities deemed not relevant in terms of environmental impact.

(3) "Eco Management and Audit Scheme": European regulation created by the European Commission to cover voluntary eco-management procedures using an EMS. Any company already ISO 14001- certified receives an EMAS certificate if it publishes an environmental declaration in accordance with EMAS criteria.

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3.2.4 ENVIRONMENTAL RESPONSIBILITY PERFORMANCE CONTROL AND MEASUREMENT SYSTEMS

To direct the implementation of its environmental policy, control environmental risks and encourage the communication of its environmental performance to stakeholders, GDF SUEZ has developed a specific reporting system that goes beyond the requirements of the French NRE law[1], based on work conducted within international bodies such as the Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD). The information from this reporting is also released in the Group's Business and Sustainable Development Report.

Environmental reporting is closely tied to operational performance reporting, thus becoming a management tool. The Group's Executive Management transmits this goal of making environmental concerns an integral part of management responsibilities. Auditors trained in the Business Units and corporate auditors perform environmental audits to ensure that environmental regulations are observed in the field and to evaluate major environmental risks.

A system of letters for both ethical compliance and environmental compliance ensures that operational management is involved and provides high-quality information that meets standards and is reviewed, audited and validated.

Directive 2004/35/EC of the European Parliament and Council of April 21, 2004 on environmental liability with regard to prevention and compensation of environmental damage, has been transposed into national laws. It defines an additional liability scheme with regard to a new third party: the environment (limited to water, soil, species and natural habitats). Damage may be determined (by public authorities) even if there is no proven fault and even if the facility causing the damage is in compliance with permits and authorizations. According to this directive, the operator is the primary responsible party. The text stipulates non-retroactivity and will therefore apply only to damage caused after the date of transposition.

The GDF SUEZ sites closest to the zones identified as vulnerable in the directive (Natura 2000 zones and "sensitive" rivers) are being mapped in order to draw up a list of the sites most exposed to the risk of causing environmental damage. There are two aspects to this "vulnerability": these sites may be potentially polluting (pollution by treatment and landfill facilities, effluents from purification stations, sludge and industrial waste) or potential victims of pollution (pollution of water resources intended for drinking water, third-party soil pollution).

Once these sites have been identified, they may be visited and addressed in technical meetings and possibly actions plans, in cooperation with local players and recognized experts (*Muséum d'Histoire Naturelle* in France, for example). The action plans thus decided are monitored closely by the correspondents of the business lines concerned.

3.2.5 METHODOLOGICAL ELEMENTS IN 2009 ENVIRONMENTAL REPORTING

To ensure the transparency and reliability of published data, GDF SUEZ has initiated a process that progressively verifies, through its auditors, the quality of certain published environmental and corporate indicators. GDF SUEZ conducts its environmental reporting using a dedicated tool that allows data to be reported following a defined methodology. This tool, called CERIS, is an environmental reporting IT solution, which enables to manage the network of environmental correspondents, deal with the management and documentation of the scope of the environmental reporting, enter, control and consolidate indicators, print reports and provide or publish the documentation necessary to gather data and control data feeds.

CERIS now covers all business lines and is currently deployed within most business lines and subsidiaries.

The procedures for defining the scope of environmental reporting cover the overall performance and impact of the facilities where the group has technical operational control. The legal entities included within the scope of reporting are those whose operations are relevant in terms of environmental impact (thus excluding the energy trading and financial and engineering activities) and that are consolidated either fully or proportionately (based on the rules of financial consolidation). They report the performance and impact of the facilities where they hold technical operational control, including facilities operated for third parties.

This rule has been established to ensure maximum compliance with the Global Reporting Initiative (GRI) guidelines. It involves a structure of stakeholders or partners (from the business world, audit companies, human rights, environmental and labor organizations, and government representatives), which creates a shared working framework for disclosing sustainable development data.

In addition, 100% of the impacts reported are consolidated when the entities are fully consolidated. For entities proportionately

(1) The New Economic Regulations (NRE) Law requires French companies listed on a regulated market to provide information in their annual business report on the social and environmental consequences of their activity.

consolidated, the environmental impacts are consolidated in proportion to the Group's level of financial consolidation whether it has 100% technical operational control or whether this is shared with other shareholders.

In addition, based on consolidated revenues, relevant revenues (after excluding revenues generated by businesses deemed not relevant in terms of environmental impacts) are defined and identified for each legal entity. The coverage of these relevant revenues by each of the environmental management indicators is reported.

The procedures of environmental data reporting encompasses a general procedure based on a standard guideline to be implemented at the appropriate levels of the reporting process. The implementation of the procedures throughout the Group is based on a network of duly authorized environmental correspondents and coordinators. These procedures and guidelines at Group and business line level describe in detail the environmental data collection, control, consolidation, validation and transmission phases at different levels of the organization, as well as the rules for defining the scope of consolidation. They include technical documents that provide methodological guidelines for calculating certain indicators. The list of the entities included in the scope of environmental reporting is attached to the procedures and guidelines.

The definitions of the indicators used to measure environmental performance of Group's businesses have been revised based on the Auditors' comments. They have also benefited from comments by operational managers represented in a dedicated work group. The entire documentation is available from the Group upon request.

The following should be noted about the data published in this report and in the Business and Sustainable Development Report:

1. Concerned about what becomes of the waste generated by its activities, GDF SUEZ Group has indicators on its waste recovery. However, the notion of waste and recovery varies by country and local regulations.
2. The reliability of the scope covered by environmental reporting is a GDF SUEZ priority which evolves in an international context of business sales and acquisitions. The scope is determined on June 30 of the fiscal year. For sales after that date, the entity is expected to complete the environmental questionnaire with the data available on the last day of the month prior to the sale. Acquisitions made after that date are not considered, unless the CEO of the business line has made an exceptional request for the data to be made available.
3. Given the issues related to water management, GDF SUEZ is also working on overall control of its water consumption, including all uses and types of sites. Special attention has been paid to the risks of double counting and the possible confusion between industrial water and cooling water.
4. Data related to LNG vessels' activity, including impacts and consumption, have been incorporated as operating sites and are therefore reported as such. In 2008, only vessels in which GDF SUEZ (or a majority-detained subsidiary) owns a majority stake have been reported (4 in total). In 2009, GDF SUEZ has decided to extend this scope to ships chartered on the long term (>2 years). This leads to a list of 15 ships: Maran Gas Coronis, LNG Lerici, Grace Cosmos, Cheikh Bouamama, Lalla Fatma N'Soumer, BW SUEZ Everett, BW SUEZ Boston, Matthew, Tellier, Provalys, GDF SUEZ Global Energy, Gaselys, BW GDF SUEZ Paris, BW GDF SUEZ Brussels, GDF SUEZ Neptune (SRV). If environmental impacts of chartered ships are now taken into account, their possible ISO 14001 certification is considered as well.
5. The environmental indicators of the Cartagena site are not reported due to the particular structure of the contract: the Group has production capacity, but does not bear the industrial risks of operation.
6. For the sake of consistency, the factor for converting thermal energy produced (GWhth) into electric energy (GWhe) is set at 0.44 for all Group businesses.
7. It should be noted that only leachates from class 2 storage centers are reported.
8. Significant environmental impacts resulting from the subcontractors during services activities at a of Group's facilities are included in the Group's impacts except when a specific contractual clause provides that the subcontractor is liable for impacts generated at the site while providing the service. Data provided by subcontractors is not subject to systematic internal verification before being included in Group data and is the responsibility of the subcontractors alone.
9. Regulations and legal obligations related to environment may differ from one country to another, and certain data may thus be sometimes more difficult to gather (e.g. water consumption in the United Kingdom).
10. A new calculation tool for natural gas transport and distribution pipeline losses has been introduced in 2009. This is a breakthrough in particular for calculating methane emissions of GrDF, by using henceforth the gas pipeline emission factor method. The year 2009 marks therefore a new time T=0 for measuring GrDF's emissions, with a notable impact on CO_2 eq. emissions of the Group.
11. In 2009, it has been recognised that water used in the regasification circuits of LNG terminals was returned to its natural environment at 100%. The surface water consumption for industrial purposes of these assets being zero, this figure falls significantly in comparison to 2008.

The conformity between the Group's environmental performance indicators and NRE law (New Economic Regulations) and the Global Reporting Initiative guidelines is documented in the summary table of environmental performances. It is published in the annual business and sustainable development report.

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3.2.6 CLIMATE CHANGE

3.2.6.1 The global context

In 1992, 154 "parties"[1] attending the United Nations Earth Summit in Rio de Janeiro including the United States signed the Climate Convention (UNFCCC[2]). The notion of "sustainable development" was based on the definition from the Brundtland report of 1987. Provisions were introduced to define the goals for reducing atmospheric concentrations of greenhouse gases (GHG) in the atmosphere to a level that would limit the effects of climate change.

Since the Rio de Janeiro summit, international experts[3] have produced several reports on climate change and Climate Convention delegates meet annually at conferences of the parties (known by the acronym "COP") to review progress and the actions to be carried out. "Observers" (non-governmental organizations) accredited by the United Nations, contribute to the debate and discussion through side events.

In December 1997, following COP 3, 176 parties had signed the Kyoto Protocol. An initial global greenhouse gas emissions reduction goal was adopted: -5.2% in 2012 compared to 1990. This initial period focuses only on efforts by industrialized countries[4], which have been responsible for the excessive atmospheric accumulation of greenhouse gases since the industrial era began. Effective as of 2005, this international protocol applies to the period from 2008 to 2012.

In 2008, at COP 13 in Bali, the Parties agreed on a roadmap for negotiation with a view to a post-Kyoto agreement at COP 15 in Copenhagen.

In December 2008, the European Commission ratified the energy and climate package, intended to reduce greenhouse gas emissions in the European Union by 20% by 2020 and increasing the share of renewable energy in total energy consumption from 8.5% in 2006 to 20% in 2020. The main measure involves establishing a new CO_2 quota exchange system for industry and electricity producers in the European Union by 2013. The financial impact of the latter for the Group could be significant starting in 2013, since it would represent a gross amount of between €1.3 and €1.8 billion, i.e. between one-third and one-half of Group's current half-yearly net revenue.

2009: The Copenhagen Climate Conference (December 7-18, 2009)

Consistent with its industrial commitment, GDF SUEZ worked to ensure that the Copenhagen Climate Conference reached an ambitious and balanced agreement. In this regard, the Group supported the European position, which called for all industrialized and emerging countries to reduce emissions by 2020.

The Group was a signatory to the October 29, 2009 shared position of French and Brazilian companies, which advocated "an ambitious and balanced agreement" in Copenhagen, a position taken by Gérard Mestrallet, CEO of GDF SUEZ, for France. The latter called on governments to reach an ambitious and balanced agreement in Copenhagen and encouraged their own governments to act without delay by setting emission reduction goals. The Group sought the most extensive agreement possible that would include significant and fast commitments in proportion to countries' level of development. Its reasons were two-fold:

- the first reason originates in the Group's firm and long-standing commitment to the fight against climate change and to implementation of Kyoto Protocol;
- the second concerns the Group's industrial activity. It requires transparency over the medium- and long-term in order to be a major player in the energy, water and wastes sectors, and to speed up the Group's adaptation in the context of the fight against climate change.

Strongly committed to participate in the fight against climate change, and engaged in contributing to a sustainable development dedicated to all, the Group mobilized efforts for the conference at Copenhagen. In particular, the key messages that GDF SUEZ was willing to communicate upon have been delivered during the Business Day of December 11, 2009, co-organised by the International Chamber of Commerce (ICC) and the World Business Council of Sustainable Development (WBCSD).

Although the Copenhagen Climate Conference did not produce a major agreement, it nevertheless laid the foundation for one with the signing, by a large majority of participants, of an agreement on "methods" and the adoption of a tighter timetable. The parties agreed on the need to act both on the issue of developed countries' emissions and on those resulting from new investments in developing countries.

A legally binding agreement - critical to the future of the planet - following on the heels of the conference would also create new real industrial opportunities. The Group's entities and brands already offer their private, industrial and local government customers "green" sources of energy and water and multiple environmental and energy-saving services.

3.2.6.2 Group actions to fight climate change

Group's 2009 greenhouse gas emissions (excluding tertiary and ground vehicle emissions) totaled 97.4 million tons of CO_2 equivalent.

(1) *Party = Country or group of countries, e.g. the EU is a "party" that has ratified the Kyoto Protocol.*

(2) *UNFCCC = United Nations Framework for the Climate Change Convention (CCNUCC in French).*

(3) *The GIEC (Groupement international d'experts sur le climat, or IPCC in English) is the scientific support organization.*

(4) *"Appendix B" countries, i.e. the OECD countries.*

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It should be noted that the scope used for environmental reporting is specific (it includes facilities where GDF SUEZ has the technical operational control) and, thus, differs from the one adopted, for example, for evaluation of total electricity generation sites.

Indicator title	GDF SUEZ 2008	GDF SUEZ 2009	Scope covered (% relevant revenues)
Total GHG emissions (excluding tertiary and ground vehicle emissions) ■■	99,569,435 t CO_2 eq.	97,405,418 t CO_2 eq.	97.4
GHG emissions – vehicle fleet	892,425 t CO_2 eq.	792,425 t CO_2 eq.	
GHG emissions per business unit – energy production	380.9[(1)] kg CO_2 eq./ MWh eq.	365.6 kg CO_2 eq./MWh eq.	
GHG emissions per business unit – gas exploration and production	5.1 kg CO_2 eq./MWh eq.	6.8 kg CO_2 eq./MWh eq.	
GHG emissions per business unit – gas storage	1.2 kg CO_2 eq./MWh eq.	7.7 kg CO_2 eq./MWh eq.	
GHG emissions per business unit – gas transport (excluding LNG fleet)	1.2 kg CO_2 eq./MWh eq.	1.1 kg CO_2 eq./MWh eq.	
GHG emissions per business unit – LNG terminals	1.6 kg CO_2 eq./MWh eq.	1.5 kg CO_2 eq./MWh eq.	
GHG emissions per business unit – gas distribution	8.5 kg CO_2 eq./MWh eq.	2.2 kg CO_2 eq./MWh eq.	
GHG emissions per business unit – incineration	339.1 kg equiv. CO_2 eq./t	335.6 kg equiv. CO_2 eq./t	

■ *Verified by the Auditors with a "moderate" assurance.*

■■ *Verified by the Auditors with a "reasonable" assurance.*

(1) *The amount of the GHG emissions indicator for 2008 energy production has been reconstituted following a change in the calculation (extension of scope in order to take in account renewable energies).*

The impact of the measures adopted to fight climate change is particularly significant for GDF SUEZ electricity production and heating businesses.

Through its early initiatives ("learning by doing"), its unique combination of business activities (in environment, energy, natural gas trading and industry services), the flexibility of its production capacity, an organizational structure that combines the communication of Group-wide policies at the level of decentralized operating procedures, and its intention to contribute to developing technologies that will achieve significant long-term reductions in emissions, GDF SUEZ has a high level of preparation which positions it favorably against its direct competitors.

The Group's structures and knowledge enable it to manage CO_2 risk. These strengths enable GDF SUEZ entities to make economic trade-offs based on the choice of fossil fuels and the use, purchase or sale of quotas. Group's significant trading business makes it a major player on the emissions trading market.

The Group reduces specific CO_2 emissions (calculated on a like-for-like basis) linked to its activities, particularly natural gas transport, electricity and heat production: the use of natural gas for electricity production, cogeneration for urban heating and industrial applications, growing use of biomass in traditional facilities.

Renewable energies

In addition, GDF SUEZ is an active participant in developing and promoting renewable energy sources (including wind, hydraulic, biomass, biogas, solar, geothermal and incineration of the biodegradable portion of waste) when economic, environmental and social circumstances allow it to be done. In 2009, these accounted for over 12.6 GW of installed electricity equivalents, or 18.5% of the Group's total installed capacity.

GDF SUEZ continues to make progress in gaining access to renewable energy sources. In Europe, the Group is implementing, on a progressive basis, the European Union objective of reaching a 20% share for renewable energy in total energy consumption by 2020.

The use of biomass is encouraged, mostly in combined production with coal. Wind energy is also an orientation of Group's development in green generation.

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Indicator titles	GDF SUEZ 2008	GDF SUEZ 2009	Scope covered (% relevant revenues)
Renewable – Net installed power (electric and thermal) ■■	10,544 MW eq.	12,591 MW eq.	99.1
Share of renewable resources in installed capacity	16.5%	18.5%	99.1
Renewable – Electricity and heat produced ■■	45,746 GWh eq.	50,009 GWh eq.	99.9
Energy produced – share of large hydraulic	86.0%	81.8%	
Energy produced – share of small hydraulic	1.6%	2.1%	
Energy produced – share of wind	2.8%	3.5%	
Energy produced – share of geothermal	0.1%	0.1%	
Energy produced – share of solar	0.0%	0.0%	
Energy produced – share of biomass (excluding thermal)	4.6%	8.4%(1)	
Energy produced – share of biogas	2.2%	1.8%	
Energy produced – incineration share of biodegradable share of waste	2.6%	2.3%	

■ *Verified by the Auditors with a "moderate" assurance.*

■■ *Verified by the Auditors with a "reasonable" assurance.*

This capacity corresponds to the environmental reporting scope as specified in 3.2.5. (excluding companies accounted for using the equity method and the non controlled facilities)

(1) The calculation method was changed compared to 2008. The 2009 data is to be understood as "thermal included" and including co-combustion.

The Group's renewable energy portfolio is quite diversified, to the extent that it is present in all areas both in Europe and internationally. Hydraulic continues to be central in its means of production.

The Group thus offers its private customers 100% renewable "green electricity". In France, with DolceVita 2 énergies Nature, the Energy France business line, offers customers 100% renewable energy and the opportunity to offset 100% of CO_2 emissions from natural gas consumption. In Belgium, Electrabel Vert ensures that electricity is renewable through a European label certifying each MWh of green electricity injected into the grid. By May 2008, 106,300 Belgian households were already customers.

Energy efficiency

Primary energy consumption and electricity consumption are managed to achieve the highest level of energy efficiency.

Indicator title	GDF SUEZ 2008	GDF SUEZ 2009	Scope covered (% relevant revenues)
PRIMARY ENERGY CONSUMPTION – TOTAL ■■	**382,088 GWh**	**391,214 GWh**	**98.6**
Share of coal/lignite	22.8%	21.7%	
Share of natural gas	68.2%	68.8%	
Share of fuel oil (heavy and light)	2.9%	3.5%	
Share of alternative fuels	2.1%	2.2%	
Share of biomass	3.7%	3.6%	
Share of waste	0.1%	0.1%	
Share of other fuels	0.2%	0.2%	
ELECTRICITY CONSUMPTION – TOTAL ■■	**6,081 GWh**	**6,036 GWh**	**96.6**
Energy efficiency of fossil fuel power stations (including biomass) ■■	42.8%	43,8%	99

■ *Verified by the Auditors with a "moderate" assurance.*

■■ *Verified by the Auditors with a "reasonable" assurance.*

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By developing solutions that optimize energy consumption while providing service of comparable or greater quality, GDF SUEZ meets very strong demand for more efficient energy consumption. In this promising environment, GDF SUEZ has increased contracts for sustainable management of energy facilities, which enables to offer global solutions with guaranteed results, especially in connection with energy and environmental performance contracts (reduction of consumption over the long term).

Cofely, a GDF SUEZ Energy Services subsidiary, a European leader in energy and environmental efficiency services, and a recognized expert in heating and cooling networks, designs and operates local and renewable energy production and distributions facilities, managing more than 110 networks in Europe.

Group's customers (local government, industrial, and private individuals) are increasingly aware of and motivated by sustainable development issues and, in particular, by the problem of global warming. GDF SUEZ is working to meet this new market expectation by offering innovative and high-performance products to assist its customers in improving their energy and environmental performance and reducing their own CO_2 emissions. For local authorities, SUEZ Environnement and its subsidiaries work every day to meet the challenge of protecting resources through the Edelway product line. Edelway gathers all SUEZ Environnement solutions that can improve environmental performance in the areas of water and waste. With this offer, SUEZ Environnement is committed to reducing greenhouse gas emissions, particularly by optimising waste collection and producing green energy through waste incineration to improve the carbon footprint of urban areas.

GDF SUEZ also helps businesses limit their CO_2 emissions and works with industry to fight against climate change, modeling its efforts on the DK6 plant initiative in France. DK6 plant in Dunkerque recycles the metallurgical gases produced by an ArcelorMittal steel plant located nearby. It is a combined cycle gas plant with a natural gas turbine, recovery boiler burning post-combustion metallurgical gases and a steam turbine. The metallurgical gases are thus recovered and each year, 4.7 billion m^3 of metallurgical gases are reused. DK6 output is almost 50% higher than that of a traditional plant.

High-yield, more energy-efficient plants consume less energy, preserve resources, reduce costs and help reduce CO_2 emissions. The Group is improving the energy efficiency of its generation sites, specifically by:

- developing cogeneration plants (which can achieve outputs of 85%), provided that sufficient ongoing demand for heat exists;
- using the best technologies available (including combined cycles) which allow achieving outputs and efficiency much superior to other fossil fuels:
  - combined cycle gas for natural gas plants, which are among the most high-performing production techniques, allowing for the achievement of outputs in the order of 55%. At Teesside, in the United Kingdom, the Group has a 1875 MW combined cycle plant, with a greater capacity than an EPR nuclear reactor,
  - high-efficiency coal plants ("super critical" plants) in Europe and worldwide. In Thailand, Glow has developed the first supercritical coal plant in the country, Gheco-one. This 660-MW plant has an energy output of 41%, compared to 38% for a traditional coal plant under the same conditions. Thus, for the same annual electricity production, Gheco-one helps avoiding the emission of 300,000 tons of CO_2 compared to a traditional plant. In Wilhelmshaven, Germany, Electrabel has built a large 700-MW latest generation pulverized coal plant. With an output of 46% (compared to 35% for a traditional coal plant), the boiler will significantly increase the facility's energy efficiency and reduce its CO_2 emissions. The plant will also be carbon-capture ready, meaning that it will already be equipped with a CO_2 capture device for storing it. The plant is expected to start operations in 2012.
- transforming old coal plants to burn biomass under co-combustion and improving their carbon footprint. In Poland, the Polaniec plant (1,654 MW) has been simultaneously converted to biomass and equipped with desulphurization devices (reduction of sulfur dioxides);
- repowering of old coal plants by converting them into steam gas turbine plants;
- replacing the steam generators of nuclear plants.

Similarly, the storage and LNG terminal businesses have set greenhouse gas emission reduction objectives for 2012 by complying with CO_2 emission quotas for 2008-2012 and a significant limitation of greenhouse gas discharges (CO_2, CH_4) compared to a 2005 standard.

Nuclear energy

Compared to the best fossil fuel-based technologies, production of Group's nuclear sites helps avoiding the emission of approximately 20 million tons of carbon dioxide each year, thus making a significant contribution to efforts to limit greenhouse gas emissions.

Major upgrades and replacements have cut the volume of weak or average radioactive waste in half since the 1990's, reducing it from 6 to 12 m³/TWh at that time to 3.5-5.5 m³/TWh, over the last 10 years. The total cost of management and end storage of such waste has been assumed in full by the radioactive waste producer, based on the "polluter pays" principle.

The downstream portion of the nuclear fuel cycle represents all operations related to this fuel after its use in a nuclear reactor. The costs for this portion are and will be covered by total financial provisions of €3,654 billion at the end of 2009. The Belgian law of April 11, 2003 governs the rules for creating these specific provisions. A justification file, prepared by Synatom every three years, has been submitted to and approved by the Commission for Nuclear Provisions.

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Provisions were also made for costs for dismantling nuclear plants after their decommissioning pursuant to the law of April 11, 2003. The provisions established at the end of 2009 amounted to €1.9 billion.

Indicator title	2008 data	2009 data	Scope covered (% relevant revenues)
Radioactive gas emissions			
• Rare gases	28.82 TBq	12.52 TBq	100%
• Iodines	0.0874 GBq	0.10 GBq	100%
• Aerosols	0.0120 GBq	0.01 GBq	100%
Radioactive nuclear waste (weak and average activities)	282.2 m^3	291.6 m^3	100%
Radioactive liquid waste			
• Beta and Gamma emitters	26.50 GBq	12.36 GBq	100%
• Tritium	77.34 TBq	108.38 TBq	100%

"Project" mechanisms

GDF SUEZ remains alert to opportunities that may arise in the context of Clean Development Mechanism (CDM) and Joint Implementation (JI) projects. Several projects are underway in both the energy and environmental sectors.

Research projects

As part of its effort to limit CO_2 emissions of industrial facilities, and specifically power plants, GDF SUEZ is undertaking a variety of actions to study the capture, transportation and geological storage of CO_2.

A Group program has been set up within the Research and Innovation Division in 2008, gathering many research and innovation activities that the Group's different entities have pursued. The technology for capturing, transporting and storing CO_2 emissions should allow the Group, in the future, to secure investments in new capacity using fossil fuels.

Going forward, if the institutional and legal framework is favorable and the economic conditions of expected profitability so allow, the Group should be able to build thermal plants equipped with CO_2 capture and storage systems and to provide solutions for the transportation and storage of these emissions.

The Group is developing a portfolio of research and pilot projects on different links in the CO_2 capture, transport and storage chain in order to evaluate the technical, economic and legal conditions applicable to this technology. The following projects illustrate the initiatives underway within the Group.

The Group is collaborating on several research projects via national and international partnerships:

- DECARBit ("Decarbonize it"). This project has been developed under the seventh Framework Program for Research and Development (FP7). It started in 2008 and should be completed by 2010. The structure of the research, technological development and demonstration (RDT) is based on five sub-projects, including system integration and optimization, advanced CO_2 separation techniques at the pre-combustion stage, and oxygen separation technologies at the pre-combustion stage;
- CESAR (CO_2 Enhanced Separation and Recovery). Also developed within the framework of the FP7, this project runs from 2008 to 2010 and involves new activities and innovations in the areas of post-combustion capture, high-performance membranes and innovative solvents. The main objective is to reduce the cost of CO_2 capture to €15/tCO_2;
- ACACIA (*Amélioration du CAptage du CO2 Industriel et Anthropique*), French acronym for "improving industrial anthropic CO_2 capture". This project, co-financed by the Unique Inter-ministerial Fund and certified by the Axelera Chemistry and Environment Competition Zone, aims to reduce the costs of the CO_2 capture procedure using solvents and to develop new innovative physicochemical procedures.

The Group leads or participates in pilot projects such as:

- a pilot project to test post-combustion capture. This pilot project is being developed in cooperation with Hitachi and E.ON. The pilot unit will be able to process up to 5,000 Nm³/h of post-combustion gas, i.e. more or less 1 t/h of CO_2 captured. This unit is mobile and will be operated at different sites belonging to E.ON and to our Electrabel subsidiary;
- together with its partners, the Research and Innovation Division is developing an innovative cryogenic CO_2 capture technology using the cold energy contained in the LNG of gas terminals to increase the procedure's efficiency, lower costs and use synergies between LNG terminals and thermal plants located nearby;
- in 2008, the Group continued its commitment to research on CO_2 storage, which had led to a cooperation agreement in 2007, with

Vattenfall group, for a project on experimental injection of CO_2 and improved natural gas recovery at the Altmark site. In addition, the Group is continuing the experimental injection of CO_2, begun in 2004 at the K12-B field located on the Dutch continental shelf;

- in the environment sector, efforts are focused on optimizing collection circuits, the progressive replacement of the vehicle fleet, the use of less-polluting alternative fuels, the collection and treatment of methane from landfill sites and the retreatment of purification sludge. With regard to the treatment of non-hazardous waste, the strategy consists of improving recycling, producing high-quality compost and green energy from incineration plants and technical landfill centers.

3.2.7 MANAGEMENT AND CONSERVATION OF NATURAL RESOURCES

The increasing scarcity or degradation of resources in certain countries where the Group operates has led GDF SUEZ to sensitize its operations to the need for integrated management of natural resources, in particular dependence on fossil fuels, economizing on raw materials by replacing them with recycled waste, preserving the quality of water resources by wastewater treatment and, finally, restoring water intended for consumption.

3.2.7.1 Water

Water resource management includes all issues related to water and sanitation services (resource conservation, agriculture, land management) and the resolution of potential disputes through negotiation with all users and consumers.

Quality control of drinking water produced and distributed, as well as of discharge from wastewater treatment stations, is performed locally via self-monitoring controls and reported to the head office, which monitors performance evaluations. In the area of wastewater treatment, SUEZ Environnement, in partnership with the local authorithies for which it operates, ensures compliance with, and if possible, anticipates standards for waste water discharge and use of sludge.

The indicators reported concern the consumption of water related to the industrial process.

Indicator title	2008 data	2009 data	Scope covered *(% relevant revenue)*
Water consumption for industrial use ■ (1)	87.70 Mm³	76.80 Mm³	97.7%
• Consumption of surface water	60.17 Mm³	44.90 Mm³	
• Consumption of ground water	7.93 Mm³	7.15 Mm³	
• Consumption of public network water	19.60 Mm³	24.74 Mm³	
Water consumption for cooling ■	151.73 Mm³	152.36 Mm³	99.5%
• Consumption of evaporated surface water	138.90 Mm³	138.51 Mm³	
• Consumption of ground water	7.32 Mm³	8.04 Mm³	
• Consumption of public network water	5.50 Mm³	5.81 Mm³	
Loss of water / km of network ■■ (2)	13.16 m³/km/day	13.5 m³/km/day	99.7%
• Quantity of leachates collected in storage centers	3.93 Mm³	3.70 Mm³	100%
• Quantity of leachates processed (externally or internally) ■	3.96 Mm³	3.77 Mm³	100%
• Pollution load treated in sanitation networks (DBO5 treated) ■■	483.2 kt/year	489.7 kt/year	100%

■ *Verified by the Auditors with a "moderate" assurance.*
■■ *Verified by the Auditors with a "reasonable" assurance.*
(1) *In 2008, significant water quantities used by LNG regasifiers had been taken into account but it turned out that LNG regasifiers do not waste water at all. Data has been corrected accordingly.*
(2) *In 2008, the data was 11.6 because it was balanced by the financial participation rate. However it is more realistic to take into account the network as a whole. Gross datas have been used to update 2008 data in this table and calculate 2009 data.*

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3.2.7.2 Waste

Conservation of natural resources is also achieved by encouraging the recovery and recycling of waste. The percentage of waste recovered as materials or energy accounts for 41.31% of the total treated waste in the waste treatment sector. The Group estimates that treated sewage sludge recovery (49.43% in 2009) in the form of fertilizers for agricultural use also offers a promising market.

In the hazardous waste sector, SUEZ Environnement is also developing its high-temperature incineration operations or recovering them as alternative fuels, particularly with its cement plant partners. Another way to recycle hazardous waste is to regenerate used oils and solvents. SUEZ Environnement is also substantially expanding its activities in soil rehabilitation and cleanup, either by operations performed *in situ* or by extracting materials for treatment at its network of specialized facilities.

Indicator title	2008 data	2009 data	Scope covered (% relevant revenue)
Total quantity of non-hazardous waste and byproducts discharged (including sludge) ■	6,856,348 t	6,415,606 t	99
• Fly ash, Refioms	3,212,722 t	2,975,623 t	
• Ash, bottom ash	2,348,431 t	2,141,481 t	
• Desulphurization byproducts	195,546 t	260,888 t	
• Sludge from waste water treatment and drinking water stations	638,785 t	667,156 t	
Total quantity of non-hazardous waste & byproducts recovered (including sludge) ■	4,695,299 t	5,082,930 t	98.5
Total quantity of hazardous waste & byproducts discharged (excluding radioactive waste) ■	249,045 t	522,770 t	98.6
Total quantity of hazardous waste & byproducts recovered (excluding radioactive waste) ■	14,042 t	17,198 t	98.6

■ *Verified by the Auditors with a "moderate" assurance.*
■■ *Verified by the Auditors with a "reasonable" assurance.*

3.2.7.3 Atmospheric pollutants

Indicator title	2008 data	2009 data	Scope covered (% relevant revenue)
NOx emissions ■	105,860 t	136,663 t	95.9
SO2 emissions ■	202,203 t	168,883 t	99.7
Particle emissions ■	9,549 t	7,613 t	99.8

■ *Verified by the Auditors with a "moderate" assurance.*
■■ *Verified by the Auditors with a "reasonable" assurance.*

GDF SUEZ uses a wide range of techniques to reduce futher its emissions: reduction at the source using a tailored energy package; water injection to reduce particle emissions; urea injection to control nitrogen oxides; and optimization of combustion and smoke treatment.

3.2.7.4 Management of biodiversity

As an energy supplier and service provider, GDF SUEZ is already active in protecting biodiversity and aims at extending its efforts in this area in order to integrate this issue into its environmental policy. The Group has thus decided to develop a global strategy for the conservation of biodiversity and prepare an action plan for

incorporating actions that the Group's entities have already achieved in this area in order to define a biodiversity policy included in Group's Environmental policy.

For supporting this process, the Group is engaged in partnerships with **France Nature Environnement (FNE) since December 2009 and Union Internationale de la Conservation de la Nature (UICN France)** since May 2008.

In addition, the Group supports initiatives and projects, such as the national Red List of endangered species, which may be used as national biodiversity indicators.

3.2.8 ACTIVE PREVENTION OF ENVIRONMENTAL RISKS

To support the corporate audit program to control environmental issues, the business lines are encouraged to implement their own system of environmental audits in order to accelerate the coverage of their sites. Specific internal procedures are being deployed at most of the sites in order to define environmental management responsibilities and monitor the performance of environmental audits, which assess the level of environmental compliance of the facilities.

In the waste services business, each waste treatment site has undergone at least one environmental audit every three years. These audits enable to identify potential non compliances in reference to current regulations, detect specific risks and implement corrective plans.

In the water sector, each subsidiary is responsible for its own environmental risk management system. A centralized control process has been set up, similar to the one established for waste. Lastly, risk prevention plans are part or precede the implementation of an environmental management system.

Complaints and sentences for environmental damage amounted respectively to 61 and 12, with a total amount of compensation reaching €1,507,000. This is low considering Group's size, the industrial nature of its activities and its direct environmental expenses. In 2009, environmental expenses (investments and regular operating expenses related to environmental conservation) totaled €2,848 million.

Indicator title	2008 data	2009 data	Scope covered (% relevant revenue)
Environment-related claims	53	61	96.06%
Environment-related sentences	11	12	98.30%
Amount of compensation (€ thousands)	489	1,507	99.5%
Environmental expenses (€ millions)	4,401	2,848	100%

The management of industrial and environmental risks has two components: risk prevention and crisis management.

Indicator title	2008 data	2009 data	Scope covered (% relevant revenues)
Environmental studies	65.2% relevant revenues	68.8% relevant revenues	100%
Environmental risk prevention plan	75.9% relevant revenues	75.7% relevant revenue	100%
Environmental crisis management plan	79.8% relevant revenues	80.2% relevant revenues	100%

3.2.8.1 Crisis management for operational continuity

The operating entities have implemented crisis management plans that involve two levels of response: an emergency standby system to ensure immediate mobilization of the crisis management resources and a crisis mechanism, strictly speaking, to effectively manage crises throughout their duration. This plan provides the organization of a crisis unit that is capable of taking internal or external impacts into consideration, whether they are related to technical, social, health, economic or other matters. For this purpose, the plan emphasizes training and increasing awareness among crisis management teams, particularly through simulations, and on developing a culture of exchange among local teams and their outside contacts.

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3.2.8.2 Former industrial sites

GDF SUEZ is particularly attentive to former industrial sites that may present an environmental risk.

In France, since the early 1990s, the Group has been involved with the Ministry of the Environment in a voluntary, orderly and coordinated environmental treatment procedure at former gas plants that extends beyond strict application of legal or regulatory obligations. These sites have thus been thoroughly inventoried and they have been ranked by environmental sensitivity. The Group's commitment led to a 10-year agreement signed on April 25, 1996 with the Ministry of the Environment for control and monitoring of the restoration of former gas plant sites.

3.3 CORPORATE SOCIAL COMMITMENTS[1]

GDF SUEZ seeks to implement its corporate social responsibility (CSR) in every country where it operates. This commitment is of major importance in the present economic and financial crisis.

The Group strives to include CSR aspects in its tender bids, with a long-term perspective, to ensure sustainability and acceptance of its business activities by the various communities affected. This approach currently involves providing significant resources in terms of social empowerment, both at corporate level and at the Group's operating entities.

The Group's commitment to society is multi-dimensional:

- providing assistance to disadvantaged customers;
- supporting non-profit and general interest organizations;
- facilitating access to Group services and products for communities and supporting their economic development and strengthening their economic infrastructure;
- socially-responsible actions related to investment projects.

3.3.1 ASSISTANCE TO DISADVANTAGED CUSTOMERS

The constitutive entities of GDF SUEZ have a long history of assisting the most vulnerable customers. In Belgium, Hungary, Romania, Mexico, Morocco and elsewhere, specific policies have been implemented for customers experiencing problems. Options involve either implementation of regulatory obligations or voluntary Group measures (including prohibitions on winter cut-offs and Installation of prepaid meters).

Within the framework of "Committee 21"[2], the Group organized two conferences in 2009 with stakeholders to assess changes in their expectations on the topic of economic hardship, and on December 22, 2009, launched an internal Observatory on the lack of access to energy and water. Its role is to:

- document and monitor changes in the practices of different GDF SUEZ subsidiaries toward disadvantaged customers and how those subsidiaries respond to local regulations;
- identify best practices and success factors that will allow the Group to anticipate legislative and regulatory changes and better meet the needs of customers with regard to products essential to their development (i.e. Energy and Water);
- encourage the emergence of "lifeline" products (suited to particular segments of the population, such as disadvantaged customers) in France and worldwide.

(1) *For a complete discussion of the Group's social responsibility policy, see also Section 4.1.7 "The Group's social development and solidarity policies."*

(2) *The 21 Committee, or the French Committee for the Environment and Sustainable Development, is a non-profit association started in 1995 to implement 21 Agenda, an action program for the 21st century ratified at the Rio Earth Summit, in France.*

3.3.2 SOCIAL RESPONSIBILITY POLICY IN FRANCE

3.3.2.1 Support for social mediation

Through its commitment to corporate social responsibility, GDF SUEZ seeks to encourage local economic development, relying on local players and facilitating access to Group services for all, especially the most disadvantaged populations. This commitment takes several forms.

A mediator listening to customers

In France, GDF SUEZ customers have access to a mediator whose task is to improve relations with the Group's 10 million customers and deal with claims that are being resolved out of court. The mediator handles each dispute impartially and is a key Group contact in France, particularly for government agencies and professional institutions. After contacting a customer directly, consulting with the Group departments concerned, the mediator proposes a tailored solution. The mediator's ideas and suggestions also help the entire business organization achieve progress in and improve complaints handling methods.

Partner-Based Customer Assistance Centers

The Energy France business line has created a network of 200 partner–based Customer Assistance Centers. Customers in financial difficulty may visit these centers, which are often community-run, for advice and guidance on avoiding electricity shut-offs in the event of non-payment. The centers' 400 trained mediators have already met with and advised several thousand such customers.

An experiment in mediation (at the initiative of GDF SUEZ) is underway at seven Customer Assistance Centers and is set to continue in early 2010. The participating Centers receive lists of customers facing problems in paying their electricity bills so that Center staff can contact them to offer mediation intended to develop a comprehensive, sustainable solution to their problem.

3.3.2.2 ISIGAZ

Since late 2005, ISIGAZ (*Information Sécurité Intérieure GAZ*) has gone into low-income neighborhoods to educate residents about the safety of natural gas equipment inside homes and about how to reduce energy consumption. The program provides mediators to check gas connections and offer for free safe ones, if necessary. The Group pays for the program and allocated €3 million to it for the 2008-2010 period. More than 130,000 tenants have already benefited from the initiative in some 50 French cities.

3.3.2.3 Financial contribution

Lifeline Rates

In France, GDF SUEZ helped to quickly implement the *Tarif Spécial de Solidarité* (lifeline rates), intended for the most disadvantaged customers, which assists customers with individual natural gas contracts and those in multi-unit buildings with a natural gas-powered boiler.

In 2009, GDF SUEZ gave assistance to more than 300,000 customers, who benefited from the lifeline rate program, for a total contribution valued at nearly €22 million.

Solidarity Housing Fund (FSL)

The French solidarity housing fund (FSL) provides financial assistance to disadvantaged individuals and families to enable them to obtain or maintain housing. GDF SUEZ contributes €5.5 million to the FSL. That amount includes a required payment of €3 million and a corporate contribution of €2.5 million.

3.3.3 SUPPORT FOR GENERAL-INTEREST PLAYERS AND THE NON-PROFIT COMMUNITY

The Group implements partnerships with well-known organizations working on behalf of disadvantaged communities.

3.3.3.1 Social partnerships: Emmaüs

Emmaüs and GDF SUEZ have reaffirmed their commitment to continue and expand the collaboration their predecessors initiated and to adapt the arrangement to changes in the environment. The first three-year agreement signed on September 26, 2006, was extended until December 31, 2009. A new 2010-2012 three-year agreement was signed on February 12, 2010. In 2009, the Group carried out a range of activities within Emmaüs programs:

- performed energy audits and energy-efficiency improvements at Emmaüs community buildings;
- provided financial and technical support for building residences from wood recovered from Emmaüs Avenir pallets;
- held a meeting among Group employees and members of the Emmaüs community for a private sale;
- held a Group clothing drive (WANTED) during the 2009 sustainable development week.

The Group also contributed to Emmaüs France innovative partner organizations:

- the *"Cent voix"* (Hundred Voices) organization, in partnership with the Community of Besançon;
- AIDEauto, to assist in the purchase of a vehicle to address job seekers' transportation needs;
- SPEZA, an Algerian association linked to Emmaüs Toulon, to conserve water resources in southern Algiers.

3.3.3.2 Partnership with employee-sponsored non-profits

The Group supports three NGOs created at the initiative of Group employees. The Group encourages employee participation in non-profit organizations and community-based activities.

Aquassistance

Created in 1994 by Lyonnaise des Eaux employees, Aquassistance is an independent non-profit organization that receives support from GDF SUEZ through its SUEZ Environnement business line. Its primary focus has been to provide disadvantaged communities with expert advice and assistance on drinking water and wastewater management. Although most of its work involves drinking water, it is also involved in sanitation and waste management issues.

CODEGAZ

CODEGAZ is a humanitarian association created in 1989 by Gaz de France employees and retirees. It has about 240 members and works to help disaster victims worldwide. It is involved in 25 humanitarian projects and community development projects in 25 developing countries. CODEGAZ projects address nutrition, water, health, children, education and training, and energy. In June-July 2009, CODEGAZ participated in six solidarity projects in the East Alexandria region, led by four Egyptian partners. This mission resulted in three partnership agreements to build a center for street children in Alexandria, develop a women's promotion program, and help disabled children from the poorest families. Caritas-Egypt and CODEGAZ also signed a fourth agreement, under which a part-time staff person will help the organization coordinate the projects locally.

Energy Assistance

This organization involves 270 members and donors. It has carried out more than 80 projects since it was founded in 2001. Nearly 200 projects are being considered and 30 are underway. In 2009, for example, 63 m^3 of educational and electromechanical materials were donated and installed at the CHE CHE school in Bukavu, Democratic Republic of Congo. Medical centers in Bare, Rwanda, in Mali and the Democratic Republic of Congo were provided with electricity.

3.3.3.3 University partners: Fondaterra

The goal of Fondaterra, the university-based European Foundation for Sustainable Territories, is to create a major interdisciplinary center of excellence within Europe in the area of sustainable development. It brings together a range of actors (individuals and organization involved in research and higher education, regions, corporations, schools and civil society organizations) and enhances a host of diverse skills that promote interdisciplinary projects including multiple actors.

GDF SUEZ participates in developing pilot projects in the following areas:

- interactions among people, buildings and energy efficiency;
- sustainable mobility;
- sustainable building and development projects;
- mitigation and adaptation to ecological changes: regional employment and skills planning, continuing education, support for industrial development.

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3.3.4 PROVIDING THE MOST DISADVANTAGED COMMUNITIES WITH ACCESS TO ENERGY AND WATER

As a supplier of gas, electricity and water, the Group also confronts issues of poverty and access to energy and water for all.

GDF SUEZ has already made commitments to disadvantaged customers in France and Belgium. In 2009, the Group launched a review of ways to strengthen those commitments worldwide.

This process revealed that the Group needed a more in-depth understanding of disadvantaged populations that lack access to energy, or whose health and safety conditions are marginal. This is particularly the case in developing countries, where transport services to poor districts face certain restrictions, including geographic remoteness, which makes it difficult to set up service connections, lack of resources to pay for grid connection, lack of ownership rights that prevent legal connections and inadequate political representation in public bodies and local government, for the disadvantaged populations.

In this context, GDF SUEZ initiated several studies to investigate further into the “energy for all” issue.

Specifically, the goal of the “Energy for the Base Of the Pyramid” (BOP) study on access to energy for the poorest, which is being carried out by HYSTRA and ASHOKHA, is to identify energy access projects developed by social entrepreneurs that are effective, economically viable and can be reproduced elsewhere. This is the first large-scale study carried out on this subject by corporations. The innovative approach used – the evaluation of social entrepreneurial projects – arises at a time when corporate “BOP” initiatives are being closely monitored and supported by European and international institutions. It is being conducted in cooperation with Schneider Electric and Total, two energy companies active in the field of corporate social and societal responsibility. The complete results of the study were provided in late May 2009 to the three corporate sponsors. This study contains recommendations and a detailed presentation of the projects selected. The Group plans to distribute this brochure internally to its business lines.

3.3.5 SOCIAL ACTIONS RELATED TO INVESTMENT PROJECTS

The Group develops many social action projects as part of its investment projects. Several may be considered as innovative demonstration projects, including:

- Macao, where SUEZ Environnement has initiated lifeline water rates for families facing economic hardship;
- Morocco, where the Lydec Group subsidiary provides electricity to Casablanca shantytowns, using a unique microcredit system;
- Brazil, where as part of the São Salvador (243 MW) hydroelectric plant project on the Tocantins River, GDF SUEZ Brazil has implemented the International Hydroelectric Association’s (IHA) “sustainable development” protocol. It includes 20 criteria that must be met, from consulting with and supporting stakeholders and local communities to limiting the social impacts of industrial activity and the implementation of a management plan. A working group was created to address issues and conflicts that could affect local communities. The group includes representatives of GDF SUEZ Brazil, associations representing the concerned communities and the Brazilian Ministry of the Environment (IBAMA);
- Chile, where GDF SUEZ Energy Andino developed a social action project as part of the Mejillones 150 MW coal plant project. GDF SUEZ agreed to provide financial support to local employment, fishing and education projects for a period of five years. This project, which was initiated in October 2007 in cooperation with the Mejillones local government, is audited annually by an independent firm (Consultora Malthus). The last audit was conducted in March and April 2009.

3.3.6 SUSTAINABLE PURCHASING

In order to comply with GDF SUEZ’s sustainable development requirements in the purchasing process, the Group has implemented a policy based on a “Purchasing Ethics Charter” and a “Supplier Relations Code of Ethics.” These documents stipulate that each buyer must observe the “Group’s commitments in terms of sustainable development” during the purchasing process and “include environmental and societal concerns as criteria for choosing suppliers and products”. A Sustainable Purchasing Committee was created to strengthen this policy and a sustainable purchasing action plan was developed. This action plan has three key components. For buyers, it includes sustainable purchasing training, development of a dedicated Intranet site and an inventory of best practices on this issue within the Group. The second component concerns relations with suppliers. To ensure that suppliers and their subcontractors comply with GDF SUEZ principles, an “Ethics and Sustainable Development” clause will be included in purchasing contracts.

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3.4 ETHICS AND COMPLIANCE

In 2009, GDF SUEZ defined its ethics policy and its intention to act everywhere and in all circumstances in accordance with its values and commitments, observing laws and regulations. To achieve this goal, GDF SUEZ has set itself the goal of building ethics into the Group's strategy, management and professional practices and creating methods for measuring compliance with this commitment.

In this context, the Group approved standard documents for this area, consistent with the values identified above:

- the ethics charter, which sets forth ethical principles and the ethics governance system;
- the ethical practices guide, which describes the methods for implementing ethics in business situations on a daily basis; and,
- the Compliance tool, which includes the procedures to be implemented to achieve compliance.

Four fundamental principles have been affirmed: acting in accordance with laws and regulations, establishing a culture of integrity, demonstrating loyalty and honesty, and respecting others.

To measure compliance with its ethical commitment, the Group has established three key elements as the basis for ethics governance:

- **a dedicated organization and structures.**

  Within the Office of the General Secretary, the Ethics and Compliance Division oversees achievement of the Group's ethics and compliance objectives. It drafts the basic documents and standard references in this area, and promotes their implementation by business lines and operating departments. It also organizes internal and external reporting on these matters.

  The Ethics and Compliance Division also manages a worldwide network of nearly 140 ethics officers, who are responsible for promoting these objectives within the entities. To this end, the Division provides the necessary support to ethics officers and managers to disseminate the ethics rules to the teams and ensure that the rules are understood. Business ethics training modules, information sessions on cross-cutting managerial responsibilities, the translation of basic texts into the most common languages spoken within the Group (21 for the Ethics Charter and the ethics practices guide) and educational presentations promoting application of the principles are available;

- **a managerial guidance system involving the Group's entire management chain.**

  The commitment to ethical practices is led and managed at the highest corporate level by the CEO and the Secretary General, a member of the Group Executive and Ethics Committee. GDF SUEZ executives have primary responsibility for the implementation of ethical practices. However, ethics and compliance-related responsibilities are defined at all levels of management.

  Business line managers have each named a business line ethics officer, chosen from their respective Executive Committees.

  The Ethics Executive Committee, made up of Ethics and Compliance Division managers and business line Ethics Officers, promote and oversee the performance of Ethics Action Plans and confirm that the measures proposed are operational.

  The Compliance Committee, chaired by the Group's Ethics Officer, promotes and oversees implementation of compliance procedures. The Officer stays abreast of ethics problems and ensures that appropriate measures are taken. The Officer reports to the governance bodies and Executive Management regarding implementation and oversight of the GDF SUEZ ethics system;

- **an ethics system specifying compliance procedures, incident reporting, audits and management of ethical risks.**

  A compliance procedure allows for monitoring the implementation of the Group's ethics policy at the entities. The ethics officers prepare a report on their entity's progress and ethical organization. The reports from the ethics officers, accompanied by a letter of compliance from the entity's manager, are sent to the CEO via the business line ethics officers. The Group Ethics Officer uses these reports to prepare the GDF SUEZ annual compliance report.

  The Ethics and Compliance Division has implemented an ethics incident reporting procedure, INFORM'Ethics, which is implemented at all business lines except SUEZ Environnement, in the areas of finance and business ethics. Incidents are reviewed by the Compliance Committee, which if it deems necessary, may request audits and special investigations.

  Last, in terms of risk management, the ethics risks identification procedure conducted in 2009 at the request of the Board of Directors' Ethics, Environment and Sustainable Development Committee was part of the Group's risk management policy. It in helped defining the notion of ethical risk for the Group and in identifying the main ethical risks.

4

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The Human Resources function supports the Group's industrial and social mission. The vision of the GDF SUEZ Group's HR function is:

- *raison d'être:* to contribute to Company performance and Group development. HR operates in a business partner role for the entire managerial line-up;
- three challenges:
  - to contribute to the successful integration of Group diversities: the differences which exist between the cultures and practices of the two merged groups must become the future wealth and strength of the newly created Group,
  - guarantee the right skills in the right place at the right time: the Group's ability to develop its competitiveness and performance is based on the continuous search for a conjunction between the required skills and their availability,
  - to be recognized as an employer of choice: being a major world-wide Group implies the definition of principles and rules which give value to its social image externally and which are confirmed within the Group,
- an action principle: to drive innovation. Companies which are able to better meet industrial challenges are those which maintain their technological and industrial edge, and in Human Resources too.

HR policies are the fruit of discussions with various players in HR, the Group's business lines and BUs. In view of the Group's size, the development process is iterative but fundamental to achieving common ground and cooperation to help build the Group's identity.

The development of Group instruments to share the riches created (worldwide bonus share allocation plan, increase in capital reserved for employees) and to put in place attractive schemes (Group collective retirement savings plan *PERCO*, benefit plans, etc.) contributes to cementing employee loyalty. Initiatives and innovations are promoted through sharing HR best practices and through solidarity initiatives, particularly in terms of jobs.

Lastly, quality dialog with employees and their representatives is one of the necessary prerequisites to ensure commitment to the Group's development: Dialog between supervisors and staff must be one of the cornerstones of management, cooperation within staff representation bodies (European Works Committee, the Group Committee) must be exemplary, and collective bargaining must be developed whenever possible.

4.1 THE GROUP'S HUMAN RESOURCES POLICIES

4.1.1 THE HR FUNDAMENTALS

Throughout 2009, the HR Executive Committee conducted in-depth analysis to identify and formulate the fundamental principles and deeply held convictions in HR shared across the entire new Group.

After an initial stage of discussions within the HR Executive Committee, the initiative brought together HR departments of the Business Units (BUs) in the various regions of the world and then the business line and business unit Directors.

These GDF SUEZ HR "Fundamentals", to support the Group's global and sustainable performance, identify and define the following:

- three principles:
  - the Group has a socially responsible role to play for its employees, to ensure that it constantly upgrades their employability,
  - the Group builds its future through promoting internal talent, cooperation between its members, and through staff development,
  - the Group conducts constructive and transparent dialog with its staff and their representatives;

- four players:
  - the Group Executive Committee defines HR principles anchored in these principles,
  - managers are directly involved in human resource management,
  - staff are encouraged to be the drivers of their own careers,
  - HR managers must ensure the principles are observed; they have a support role towards managers and staff.

These HR fundamentals will be deployed throughout the Group during 2010.

4.1.2 RECOGNIZING OUR BEST PROFESSIONALS

4.1.2.1 Identification methods

The Group considered how it would recognize exemplary professionals, in order to stimulate the people on the ground who contribute day-to-day to the success of the Company through their exemplary commitment and practices. By recognizing existing best practices, particularly in INEO Energy, a recognition tool was developed and is being deployed in business units that want to use it. Several projects should be completed in 2010 and a project for specifying job titles in the Group is being put together.

4.1.2.2 Identifying high potential managers

A policy for identifying high-potential managers in the Group was approved by the Executive Committee in May 2009.

This policy aims on the one hand to create and cement loyalty among the managers concerned, and on the other to identify and prepare managers who can develop to fill executive roles in the Group in the medium term.

It was deployed in every country and in all activities where the Group is present with extra diligence to ensure diversity and fairness among managers irrespective of their country or business area.

4.1.2.3 Identifying and managing business experts

A policy for identifying and managing business experts in the Group was developed in 2009. It aims to recognize scarce technical resources within the Group in its core businesses (such as nuclear, natural gas storage, LNG, Exploration-Production, water treatment, etc.) to foster loyalty but also to organize the transfer of know-how, and thereby enhance the value of GDF SUEZ.

4.1.3 PROFESSIONAL MOBILITY

GDF SUEZ occupational mobility policy aims essentially to open career doors to allow all employees who wish to benefit, at their own initiative, from a change of occupation, function or entity within the Group.

This objective is based on the shared conviction that occupational mobility contributes to:

- attracting, involving and fostering loyalty among its employees;
- more effective match between internal skills and business needs;
- reinforcing cultural integration, cooperation and equality of opportunity;
- developing employability;
- encouraging the sharing of know-how and developing innovation.

To this end, the principles and rules of the Group have been defined, based on enhanced access to internal opportunities, with the priority given to candidates who are already Group employees, but also offering the possibility of initiating an occupational mobility initiative confidentially, or indeed benefiting from the clarity and legal framework provided by moving between two distinct companies of the Group.

In addition, to help understanding among the Group's diverse businesses, a common language was built around 23 occupational families, and a job guide, which can be consulted over the Group's intranet, describes close to three hundred occupations representing the Group's various activities.

Lastly, to support this dynamic, HR/mobility networks were set up in France, Belgium, Germany and Holland. The initiative is being coordinated and steered at Group level.

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4.1.4 EMPLOYER BRAND AND RECRUITMENT PRINCIPLES

GDF SUEZ has launched a "Generation Horizons" employer brand to better promote its occupations and career opportunities within the Group. Both a communication platform and a real support for Group relationships with the grandes écoles (select further educational colleges) and universities, Generation Horizons is thus a vector of employer promise in the Group. The Group's intranet presence has been enhanced, and will be further strengthened in 2010 with the implementation of a modernized site. All externally published surveys of "best companies to work for" in 2009 showed a positive evolution of GDF SUEZ' employer image.

A parallel "campus" network has been set up by Executive Management. This network brings together all the Group's occupations to coordinate all actions taken at schools and universities. This is also a rich source for exchanging experience and cross-working among the Group's business lines.

GDF SUEZ, the second largest private recruiter in France in 2009 (*Palmarès Figaro Réussir* – september 2009) has signaled substantial needs for the years to come. Through communication actions using the "Generation Horizons" employer brand, its presence on campuses, and actions aimed at developing apprenticeships (see section 4.1.8), GDF SUEZ pursues its ambition to become the employer of choice, to be a socially responsible enterprise committed to respecting diversity, and guaranteeing the right skills in the right place. It is for this purpose that "recruitment principles and orientations", the basis for Group action and performance measurement, was developed and disseminated in 2009.

Based on these four principles, recruitment continues to be a strategic lever, essential for the Group's success, which must:

- contribute sustainably to company development and performance;
- respect the Group's commitments, particularly in terms of equality and diversity;
- support and promote its employer potential;
- be decentralized operationally.

Based on these four common principles, two orientations were used to drive the process: continuous improvement, in particular through professionalizing internal players, networking, and optimizing resources (see section 4.2.1 "Launch of the HR NewWay program").

4.1.5 EXECUTIVES DEVELOPMENT POLICIES / DEVELOPING OUR LEADERS

4.1.5.1 GDF SUEZ University

The company university has been a strong integrating vector at GDF SUEZ. Programs have been reviewed since July 2008 to contribute to Group integration. New programs have also been developed to support the implementation of the policy to detect and guide management potential.

Extensive work was done in 2009 to define the GDF SUEZ Management Way, which will be presented to Group managers in 2010. New programs aimed at the Group's managers have been built in parallel and will be deployed in 2010.

4.1.5.2 Development Center

GDF SUEZ operates a Development Center for its managers, intended primarily for executives and for managers with potential.

A tool for developing personal skills, it gives interested individuals a link to an HR contact to help define personal development actions.

The process and tools of the Development Center were adapted in 2009 to respond to the future needs of GDF SUEZ while being consistent with the Group's new HR policies.

4.1.5.3 Managing the Group's executives

A unified GDF SUEZ compensation policy was put in place in 2009 for all Group directors.

A management company, GDF SUEZ Management Company, was created in France at the end of 2009. Its purpose is to group together Group directors with contracts based in France. The purpose of this company is:

- to facilitate mobility between the various entities of the Group;
- to further enhance integration within GDF SUEZ by offering all directors of the same country the same employment contract;
- to develop the external attractiveness of GDF SUEZ through a modern approach to managing employment contracts.

A management company will be created in the same way in Belgium in the first half of 2010 and studies for a similar approach will also be conducted in other countries in 2010.

4.1.6 THE GROUP'S EMPLOYEE SAVINGS PLAN

4.1.6.1 GDF SUEZ (France) Group Savings Plan

Two addendums to the rules of the GDF SUEZ Group Savings Plan (GSP) were signed in 2009. They allow the scope of this agreement to be extended to all the French subsidiaries of the former SUEZ Group and subsequently also the range of investments offered to be extended.

All Group employees in France can thus access all the features of the GSP. Employees who are tax residents in France and who wished to, were able to pay into this GSP in 2009 any GDF SUEZ shares they had been allocated under the Gaz de France or SUEZ Group bonus share plans set up in 2007.

4.1.6.2 GDF SUEZ (France) Group PERCO

Eighteen months after the birth of the GDF SUEZ Group, the Group's management and union representatives (CFTC, CGC and CGT-FO) signed an agreement on November 25, 2009 setting up the GDF SUEZ Group collective retirement savings plan (*Plan d'Epargne Retraite Collectif* or *"PERCO"*). This plan allows every Group employee in France to constitute a retirement fund at their own pace. It will be put in place progressively from January 1, 2010 by which date all the investment possibilities for PERCO provided by the agreement will be available.

4.1.7 THE GROUP'S SOCIAL DEVELOPMENT AND SOLIDARITY POLICIES[1]

The Group has characterized itself for a number of years by its commitment to corporate citizenship and social responsibility. Mindful of its role as a player in the social cohesion of the countries in which it operates, GDF SUEZ is committed to the economic and social development of territories, support for voluntary associations and charities and various public service institutions. For the Group, equality of opportunity is a basic principle of its institutional and operational structure.

To solidly seat this Corporate Social Responsibility (CSR) strategy, the fundamental CSR principles are being reviewed. They form part of the Group's social mission and specify orientations on the themes of managing age diversity, equal access to employment, the disabled, youth employment, integration and seniors. These texts will be proposed to our social partners in 2010.

The Group's entire CSR policy was recognized by the Randstad Award in the Social Responsibility and Sustainable Development category, presented to GDF SUEZ in Paris on November 30, 2009. In April 2009, the Corporate Social Responsibility Award 2009 was presented in Brazil to GDF SUEZ Energy Brazil and to Tractebel Energia. This prize rewards the initiatives taken by the Group in Brazil, such as The City of Children which cares for over 3,000 disadvantaged children, creates 38,500 direct jobs and 78,000 indirect jobs among the local population when building new power plants.

HR networks were set up in seven regions of France in April 2009, led by the Group HR Director and marshalling various Group companies along two major lines of work, including social responsibility. A new Group network for the disabled has been set up; a sponsorship of scholarship network is progressively being built.

The CSR Steering Committee in Belgium is made up of 22 representatives of Group companies in the country. A common framework for 2010 action plans has been developed and a number of working meetings have been held on these themes.

4.1.7.1 Anti discrimination actions

Diversity Label

At the end of 2009, GDF SUEZ applied to the French standards association (*Association Française de Normalisation* or *"AFNOR"*) to become involved in the initiative to obtain the Diversity Label. Engaging in the fight against discrimination within the Group involves striving to put in place the best possible organization particularly in terms of methods and tools for occupational integration and recruitment. At the end of 2009, GDF SUEZ launched an internal information initiative to raise awareness, as part of its candidature for the Diversity Label for GDF SUEZ Energy Services and GDF SUEZ SA. The first stage of this project is to establish the state of existing practices.

Sourcing and access to jobs

GDF SUEZ deploys many actions in the field of sourcing and access to jobs for the most vulnerable among our population. To do so it engages, among others, local missions such as *Pôle Emploi* (France) and *Synerjob* (Belgium), and has set up a proactive apprenticeship policy (see section 4.1.8. below). In addition, framework agreements signed by the Group and Belgian public agencies in 2008 continue to bear fruit, particularly in terms of developing company trainee

(1) *For a complete view of the Group's social responsibility policy, see also section 3.3 " Corporate Social Commitments".*

schemes (for teachers and students), internships, etc. GDF SUEZ is renewing, on the one hand, the *"Pôle Emploi"* jobs drive and, on the other, the "Sourcing Diversity" agreement with various partners including the Association to facilitate the occupational integration of young graduates, and the NGO *"Force Femmes"*, which will henceforth involve more entities of the Group.

In accordance with its Employer Brand "Generation Horizons", GDF SUEZ participates in job fairs. With a target audience which includes young people, women, people with disabilities, people of foreign origin, and seniors, in 2009, GDF SUEZ took part in the following job fairs: *"Forum Alternance"* (May 2009), *"Grand Toulouse"* (May 2009), *"Paris pour l'Emploi"* (October 8-9, 2009). At this particular fair, which welcomed 50,000 visitors, GDF SUEZ assembled on its space subsidiaries such as Lyonnaise de Eaux, Cofely, Sita Rebond, CPCU, GRTgaz, GrDF and INEO, who together had some 30 jobs to offer in the Group's core businesses.

Raising anti-discrimination awareness

On November 5, 2009 Gérard Mestrallet, the Chairman and CEO of GDF SUEZ, in his capacity as President of the Action against Exclusion Foundation (*Fondation Agir Contre l'Exclusion* or *"FACE"*), supported the launch of the Ile-de-France Equality network (***Égalité Ile-de-France***), with various personalities, company directors, and representatives of local and public authorities attending. This network aims to mobilize 1,000 French enterprises over three years to raise anti-discrimination awareness, implement actions to promote it, and encourage customers and suppliers to join the initiative.

Numerous anti-discrimination awareness actions were carried out by the Group, aimed at HR networks but also at employees and managers, involving in particular the medical services. **FACE** led education and awareness sessions aimed at managers of the various companies of the Group. A manager education and awareness program will be progressively rolled out in France in 2010.

Reporting

GDF SUEZ has been asked by many agencies including the anti-discrimination body (Haute Autorité de Lutte contre les Discriminations et pour l'Égalité – HALDE) to present the actions the Group is taking to promote equality of opportunity. GDF SUEZ has contributed to the work of the corporate social responsibility oversight group (*Observatoire de la Responsabilité Sociétale des Entreprises*) in updating the repertoire of company practices in terms of equal access to jobs.

In accordance with the "social responsibility" agreement signed in July 2007 by the former company SUEZ, an "equality, diversity and non-discrimination" audit was carried out in 2009 by a consultancy specializing in these fields. The audit, incorporating management, staff and social partners was carried out at six subsidiaries of the Group across six countries.

4.1.7.2 Actions to promote education and training

Policy on scholarships and support for young people in their career

A partnership with the **Tremplin** association, created in 2000 by students of the *École Polytechnique* to promote access to further education for students from disadvantaged environments, granted scholarships and support for 22 students in 2009, as well as identifying sponsors among volunteer staff in the Group. The Group ran initiatives in Belgium (jointly with university authorities) to create a **Tremplin Brussels** association which will see light of day in the first quarter of 2010.

A new partnership agreement between GDF SUEZ and **Sciences Po** since September 2009, is granting scholarships, creating a sponsorship network, strengthening support initiatives in schools in disadvantaged sections of the community and offering apprenticeship agreements. Fifteen scholarships were provided in 2009.

In Belgium, five CSR scholarships were awarded in 2009 to students in **Applied Sciences** faculties (in the Dutch and French speaking areas) showing special merit and from disadvantaged environments. Furthermore, internships are being offered in companies in the Group, as well as individual support by volunteer sponsors.

Experimental training

In October 2009, GDF SUEZ inaugurated a pilot training project at the technology university institute **IUT de Creil**, leading to a university degree, aimed at young people with no qualifications. The course gives them the maximum knowledge and tools to be able to take the initiative, place themselves in the job market, while benefiting from the network of relationships with the partners in this project. The aim is to develop access to internships for young people. This course will be open to some 30 students.

Support for education and research

The Group is developing ongoing relationships with agencies responsible for education and training. The partnership with the **University of Paris-Dauphine** saw the Chair in Management and Diversity launched on January 21, 2009 which is now open to managers and other supervisory levels in HR.

With the Group's support, the **Vaucanson Institute** was created in Paris in December 2009. This is a project of a *"Grande École"* specifically intended for holders of a vocational baccalaureate to promote diversity of excellence, promote occupations, and encourage cooperation between the academic and business worlds, while promoting internships.

4.1.7.3 Affirmative actions on target populations

Professional equality for men and women

The three-year Professional Equality agreement that GDF SUEZ SA signed in July 2008 involves oversight committees with its social partner signatories. The business lines and BUs helped define professional equality indicators in the Group in November 2009. An inventory of the Group's actions and commitments in this field was drawn up in December 2009.

Initiatives were put in place with FACE on the employment of women, to promote their access to jobs regarded as "masculine". The aim of this initiative is to help change perceptions to promote greater mix.

Furthermore, to promote a harmonious work/life balance, an early-childcare support program *CESU PETITE ENFANCE* was set up on February 24, 2009 among the Group companies operating in the electricity and gas sector in France (*Industries Électriques et Gazières* or *"IEG"*). A project is underway to set up a dedicated extranet site for families, "e-famili", under the auspices of the Communication Department.

Seniors

On December 8, 2009 the Group and the unions CFE-CGC, CFDT and CFTC signed a three-year agreement covering France to maintain jobs for seniors, and seniors in jobs. By signing this agreement, GDF SUEZ and its social partners affirm their joint desire to develop and promote the employment of seniors in the various entities of the Group.

Persons with disabilities

The Group has taken action to provide every opportunity for the talents of people with disabilities. The majority of the Group's companies in France are engaged in defining a disability policy and consequent action plans. These commitments cover recruitment, internships, awareness programs, accessibility, job retention and the reclassification of employees with a disability.

In Belgium, an agreement between GDF SUEZ and the State Secretariat for the Disabled, as well as the Belgian Paralympic Committee, and Belgian community Ministries of Sport, provides for the Group to offer jobs to elite paralympic athletes based on their abilities. As of December 31, 2009 four athletes with disabilities had been hired by N-ALLO and one by Electrabel.

On November 13, 2009, the Group signed a "Charter of Commitment for the occupational integration of people with disabilities" with the French Secretariat of State for the Family and Solidarity, in order to develop discussions about all aspects of occupational integration of people with disabilities with the State Secretariat.

In 2009, six companies of the Group (GrDF, Eau et Force, Lyonnaise des Eaux, Elengy, GDF SUEZ SA and SDEI) signed company agreements with social partners to welcome and support people with disabilities. Three new agreements were also signed in 2009 between Axima, INEO, SEITHA, and the Fund management association for the occupational integration of people with disabilities (*Association de Gestion du Fonds pour l'Insertion des Personnes Handicapées* or *"AGEFIPH"*). The Compagnie Nationale du Rhône, whose agreement expired at the end of 2009 intends to renew it, and ENDEL whose agreement with AGEFIPH runs until February 2010 also foresees a renewal.

The national employment for the disabled week in France from November 16 to 20, 2009 saw the companies of the GDF SUEZ Group organizing and participating in a large number of initiatives: Job fairs in Paris, Lyon, Nantes, etc., a day dedicated to disabled job-seekers and discovering new occupations "One day, a real job" (*Un jour, un métier en action*) at two Storengy sites, internal communication and awareness actions at GDF SUEZ SA, and GRTgaz participating in a "Handichat" (a dialog between job seekers and recruiters via video link).

4.1.7.4 Integration – helping to land a job

In June 2009, GDF SUEZ renewed its agreement with the **Conseil National des Missions Locales** (CNML), a government agency whose aim is to promote the initiatives of all players involved in the occupational integration of young people.

In signing the three-year **Plan Espoir Banlieues**, a community goals plan, in February 2008, GDF SUEZ laid down a recruitment target for this period of 1,620 people under 26 years of age, living in a sensitive urban area (*Zone Urbaine Sensible – "ZUS"*) or in territories covered by an urban social cohesion contract (*Contrat Urbain de Cohésion Sociale - "CUCS")*. Already 1,313 young people have been hired.

SITA Rebond (a subsidiary of SITA France, SUEZ Environnement) allows access to jobs for long-term unemployed on minimum social security, young people under 26 with no qualifications, workers with disabilities, and seniors. Through its 14 integration programs, in 2009 SITA Rebond placed 554 individuals into fixed-term or interim contracts and offered 222 individuals long-term integration in the form of permanent posts. Since its creation, SITA Rebond has provided support for 2,500 job seekers.

Gepsa, a subsidiary of Cofely, as part of Delegated Management and in partnership with the Prisons Department is setting up procedures to care for and support people who are incarcerated and thereby provide solutions for individuals heavily distanced from the job market. In 2009 and working with the job training services (*Services Emploi Formation*) at 25 penal institutions which Gepsa oversees, 573,947 training hours were provided resulting in 316 qualifications and certificates, and 1,996 occupational projects undertaken leading to 670 individuals landing jobs.

At the same time Gepsa is also involved in experimental initiatives, such as:

- the "keys to the future" program, in partnership with Medef and Randstad, enabled 28 prisoners to find stable employment on their release;
- the "Belle-Ile-en-Mer external placement program": With continuous Monday to Friday supervision, this program allows 12 prisoners who are coming to the end of their sentence to prepare for reintegration. 74% of people accepted into this program in 2009 found jobs on their release.

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As part of **FACE**, GDF SUEZ is involved in various actions:

- the **"Ambition 30,000"** project with the goal of developing access to jobs for people in difficulties, is continuing;
- the ***Un But Pour l'Emploi*** training scheme based on a GDF SUEZ idea, was rolled out further in 2009. It supports young people with little or no qualifications to find jobs, and uses football as a motivating factor. After Paris, Nantes and Amiens in 2008, Saint Etienne and Rennes launched their first course for the first half of 2009. It welcomed 129 people onto the scheme, 79 of whom found jobs (15 in the GDF SUEZ Group). In the second half of 2009, programs were run at Saint-Étienne (2nd course), Lyon and Chambéry and should be extended in 2010 to Roanne, Nantes (2nd course), Calais, Paris and Saint-Quentin en Yvelines, a total of 13 programs for 2010. The French Football Federation and the Anti-Discrimination Alliance were partners;
- in 2009, GDF SUEZ and 13 other private enterprises associated with FACE carried out a unique operation called **Driving license, Sport, Job** (*"Permis, Sport, Emploi"*) to support 100 young adults in difficulties (18-25 years of age) in the Seine-Saint-Denis district.
- The ***Fondation Agir Pour l'Emploi (FAPE)*** was created in 1995. It is the foundation for the employees of several companies in the electrical and gas sector (*IEG*) which includes GDF SUEZ and promotes occupational integration and acts positively against discrimination. It is financed by donations made by current and retired employees, the company also making a contribution. In 2009, FAPE helped create 612 jobs and consolidate another 1,932. In total, it has received €1,368,711 from employee donations and company contributions (one third of this coming from current and retired employees, two-thirds from contributions from participating companies).

4.1.8 PROMOTING INTERNSHIP

Despite difficult economic conditions, the Group was proactive in 2009 in promoting internship, a priority vector in equality of opportunity and diversity. The "2009 Internship" recruitment campaign was extended to include the entire Group in France, which became a major player in this field, strengthening its position on the back of communication to potential candidates about jobs in the various subsidiaries and the occupational training and certifications it offered.

The Group has raised awareness among its internal recruiters and external target audiences of the importance of internships that offer direct access to qualifications and a direct link between theoretical knowledge and actual work in the company. At December 31, 2009 the Group had some 4,411 interns (including integrations contracts), 3,724 of them in France. A "Guide to Internship in France" was produced with the help of all business lines and disseminated throughout the Group in France as part of a communication program called "GDF SUEZ and me".

The Group took action to meet the internship targets set by the French Government. Alongside the major French companies, it participated in the work done by the "Internship Mission" set up by the President of the French Republic the aim of which is to promote a modern and novel vision of internship as a means to excellence. The target set by the government for 2015 is to recruit one out of every five young people as interns. The bases of a European intern mobility project, called the "MEDA Project" was launched in 2009 in two adjoining territories: the Nord Pas de Calais and East Flanders (Belgium) as part of the Euro Métropole European Grouping for Territorial Cooperation (Lille – Tournai – Courtrai).

4.2 HR PERFORMANCE, HR AUDIT AND COMMUNICATION

4.2.1 LAUNCH OF THE HR NEWWAY PROGRAM

The aim of the HR NewWay program, set up on July 1, 2009 is to enhance HR performance. An ambitious program, it hopes to federate Human Resources at all levels: Divisions, BUs, subsidiaries and entities, around definitions of service provision models in certain fields and their implementation on a common platform (center of shared services, center of expertise or other). As of this date, France, Belgium and Holland are involved.

Three HR fields of activity have been identified which could benefit from standardization, automation and sharing of practices, to enhance its performance. These are:

- pay, administration, time management and task management;
- recruitment (external) and mobility (internal);
- occupational training.

A steering committee has been formed linking all divisions. The diagnostic stage has been completed. Phase two, "Definition of standard models for delivering services by area" has been launched.

4.2.2 HR INFORMATION SYSTEMS

The first steps in developing an Architecture for an HR Information System (HRIS) at GDF SUEZ were:

- inventory of the main existing HRIS in the Group, with a map showing the HRIS covering 60% of total staff, along with an analysis of their strengths and weaknesses;
- create a benchmark based on the 16 largest global groups, with comparable diversities in terms of activities and companies, as well as an analysis of state of the art HRIS products and technologies available on the market.

These elements should allow us, by the end of June 2010, to define a target vision of the architecture of the Group's HRIS and scope out and plan the projects to drive forward.

The HR NewWay program (see section 4.2.1 above) forms part of this initiative, the investment in HRIS being a significant lever in improving HR processes.

4.2.3 GROUP SOCIAL REPORTING

The project to redraft the Group's social reporting which was run in the last quarter of 2008 in collaboration with the operations departments involved and the divisions, with the support of the statutory auditors, provided GDF SUEZ with a unified reporting system developed on the Magnitude financial consolidation tool.

The following five HR themes were key:

- jobs;
- working conditions;
- professional development;
- compensation & Benefits;
- social relations.

The indicators (in seven languages) were explained, defined, and their uses set out. A framework for social reporting was set up, based on the divisions and BUs. Some 600 Magnitude registered users were trained with the help of a self-learning tool.

Like previous, the statutory auditors conducted a check of the social indicators published by GDF SUEZ. Their report considers the Group's consolidated social data as published in 2009[1].

4.2.4 MANAGING HR PERFORMANCE

The HR audit module continued to be rolled out to the Group's BUs. The HR policies of INEO, Gepsa and Lyonnaise des Eaux were fully reviewed, in order to assess and check their consistency with GDF SUEZ' HR commitments. As a participative initiative, and relying on a structured reference system, the HR audit was also an opportunity to highlight best practices and identify lines of improvement for the future.

The ongoing assessment of HR risks in acquisition projects undertaken by the Group's companies, at both pre- and post-acquisition stage, was a significant development line. A Group-wide HR dashboard was set up in 2009 to steer performance.

(1) See Appendix B "Statutory auditors report on the review of selected environmental and social indicators".

4.2.5 HR INFORMATION SYSTEM SPIN OFF FROM EDF

To comply with commitments jointly made with EDF, preparations for the split up of the joint HR information system involved major work throughout 2009. This should allow for the salaries and related compensation for Group companies that belong to the electricity and gas sector (*IEG*) to be handled by a separate HR information system from January 1, 2010, which will then need to be up-dated by 2012.

In the 4th quarter of 2009, the HR Information & Decision Module (*Services Informationnels et Décisionnels RH - "SIDRH"*) was rolled out. It allows some 500 HR managers and staff, for the head office, infrastructure functions, Energy France division and part of the Global Gas and LNG division to consult the HR performance indicators, and to conduct analyses to be used as decision-making tools.

4.2.6 FOCUS ON CENTRAL GROUP FUNCTIONS INTEGRATION

The merger between Gaz de France and SUEZ has created a world leader in the energy sector. One of the conditions required for the success of this merger resides in the quality of employee support during implementation of the new GDF SUEZ group's organization. In order to facilitate integration of both groups' central functions, the Company's Management and social partners wished to commit to the implementation of a social support structure for GDF SUEZ employees.

A "social guarantees" agreement was signed in December 2008 with the CFDT, CFE CGC, CGT and CGT-FO trade union organizations, the first to be negotiated following the commitments made by the Chairmen of Gaz de France and SUEZ to staff representatives in connection with the merger. It applies until December 31, 2010.

2009 saw the large-scale implementation of the GDF SUEZ SA post-reorganization employee support agreement.

With respect to central functions, the integration process was completed on July 1, 2009. A transfer agreement for the 300 employees of the former SUEZ SA was signed in May 2009 and promulgated. Interviews with their HR representatives were arranged for these 300 employees to offer support and an understanding of their new IEG status. Furthermore, new HR management processes were put in place along with special support, including a mobility support team, to help employees wanting to change job.

4.2.7 HR AND SOCIAL COMMUNICATION

Communication and management within the Group's HR division centers around:

- a Group HR space and a head office HR space on the Horizon intranet portal;
- the Group HR newsletter which appears 2 to 3 times a year;
- a "Group HR Best Practices" space on the Group intranet since July 17, 2009;
- a cycle of six conferences entitled «HR Amphis» organized in 2009 by the Group's HR Management for the Group's HR division in France.

An Intranet named "Solidario" aims at raising awareness among all Group employees of the Group's social responsibility actions, commitments and initiatives and also constitutes an interactive tool that allows employees to communicate their own initiatives (subject to a pre-established approval procedure).

In Belgium, a bilingual newsletter is disseminated weekly to all contributors to the CSR network and to any person who has shown an interest in such matters.

Internal social responsibility communication is also backed by communication and awareness initiatives in France and Belgium: intranet, internal releases and videos disseminated over the web TV.

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4.3 SOCIAL RELATIONS IN THE GROUP

4.3.1 A DYNAMIC AND DURABLE INITIATIVE

Discussion between management and employee representatives, particularly on GDF SUEZ industrial, economic, financial and social strategy, is channeled through representative bodies.

4.3.1.1 European works council

The merger between the SUEZ and Gaz de France Groups has strengthened the Group's desire to continue social dialog with international dimension. It very quickly launched negotiations with its social partners to set up a European Works Council at GDF SUEZ. An agreement setting up this new committee was signed on May 6, 2009 with unanimous union approval. It sets out the basis for strong social dialog at European level and creates a platform for involvement of the associate partners in the Group's challenges and objectives.

This dialog is backed by working groups for each business line (energy, environment, and services) or which are theme-based (three groups on the themes of jobs, training, mobility, diversity, professional equality/health and safety/social guarantees and reporting), as well as by a 14-member secretariat representing nine countries which meets monthly.

This Council composed of 65 members, of which 25 are French, represents 183,000 employees in 20 countries where the Group is present in Europe. A number of principles have been shared with employee representatives in this agreement: develop and strengthen European social dialog, guarantee balanced representation between the Group's countries and main business lines, and develop social dialog within the main business lines.

Concretely, at the first Council meeting in October 2009, exchanges ensued between Management and members about the general situation of the Group, its results, strategy, and outlook. The meeting also initiated thinking about defining uniform mobility rules for all Group employees.

4.3.1.2 French Group works council

An agreement signed on June 2nd also launched the French Group works council. This council serves to prolong the dynamics of social dialog among the Group's companies in France based on in-depth discussions with representatives of the Group's French companies employees. This body represents more than 101,000 employees in over 300 companies in France.

4.3.1.3 Main negotiations

In 2009, negotiations at Group level in France produced an agreement on the following topics:

- the Group to set up a collective retirement savings plan (*PERCO*) and develop a Group savings plan (GSP) (see section 4.1.6 above);
- jobs and careers for seniors (see section 4.1.7.3 above).

Other negotiations are still underway on the following themes:

- jobs and skills Forecasting (to cover Europe);
- Health and Safety Policy (covering Europe);
- prevention of psychosocial risks by improving the quality of working life (covering France).

4.3.2 LEGAL AND LABOR WATCH NETWORK

Following the creation of GDF SUEZ, the Social Relations function, which supports the management of all Group business lines and Companies, has a twofold structure. First, expertise developed on the laws and social issues of French legislation and European community labor law is further enhanced by a legal and labor watch network comprising operational partners in the field representing all the Group's core businesses. Secondly, a monthly internal and external labor watch has been set up as a management support tool to cover the Group's European operations.

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4.3.3 THE "OBSERVATOIRE SOCIAL INTERNATIONAL" (OSI)

To meet the social demands of globalization, GDF SUEZ has continued to support the production of ideas and promote exchanges with all the stakeholders involved in the *Observatoire Social International* (OSI). Within the working groups that bring together company executives, union representatives and academics, the activity of the *Observatoire* is focused on the universal right to health and well-being at work as strategic factors in company performance, and on the challenges in corporate governance (social responsibility policies, composition of management teams, management indicators and criteria, remuneration policies). A number of "OSI Meetings" were organized with the support of GDF SUEZ: about the financial crisis, access to drinking water, and employment of seniors.

The OSI also launched an initiative with Entreprise et Personnel regarding social laws in China, which brings together five or six companies in that country. In June 2009, it helped organize a symposium in Casablanca on the Mediterranean Union. It helped create a new branch in Santiago de Chile which saw light of day on October 20, 2009 at an international seminar on the responses to the global economic crisis, led by managers of Codelco, the leading copper company and Chilean partner and customer of GDF SUEZ, the Federation of copper workers and the Central University.

4.4 EMPLOYEE PROFIT SHARING AGREEMENTS

4.4.1 EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

Due to the co-existence of separate legal companies, there cannot be one single employee profit-sharing and incentive plan for the Group. With respect to GDF SUEZ:

- the incentive agreement signed on July 7, 2008 covers the years 2008-2009-2010. Since the merger of Gaz de France SA and SUEZ SA, the employees of the former company SUEZ SA benefit from the incentive agreement in effect at the former company Gaz de France SA, now GDF SUEZ SA. The amount paid in 2010 as incentive for 2009 was €24.9 million and relates to 12,810 employees. The amount paid in 2009 as incentive for 2008 was €15.4 million and related to 8,934 employees;
- the employee profit-sharing agreement for GDF SUEZ SA was signed on June 26, 2009. GDF SUEZ became eligible for profit-sharing from the 2008 financial year following the merger-absorption of SUEZ SA by Gas de France SA. For 2008 and 2009, application of the statutory profit-sharing formula resulted in no payment being made to employees.

4.4.2 ENCOURAGING EMPLOYEE SHAREHOLDING

GDF SUEZ intends to continue the voluntary employee shareholding policy originally applied within the Gaz de France and SUEZ groups. At December 31, 2009, employees held 2.29% (1.7% of which through Company mutual funds) of capital acquired through employee stock plans initiated by Gaz de France when it was first offered in 2005 and by SUEZ as part of the employee-only capital increases which have been introduced since 1991. In 2010, this proactive policy will be pursued in the form of a capital increase reserved for employees in France and internationally pursuant to Resolution 17 of the Combined Ordinary and Extraordinary General Shareholders' Meeting of July 16, 2008 and Resolution 13 of the corresponding meeting on May 4, 2009.

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4.4.3 GLOBAL BONUS SHARE ALLOCATION PLAN IMPLEMENTED IN 2009

To involve all employees in the global success of the Group and to reinforce the weight of employees in the capital of the Company, the Board of Directors of GDF SUEZ on July 8, 2009 decided to set up a global bonus share allocation plan.

The actual allocation represents about 0.15% of Company capital as at the allocation date, in accordance with the allocation limits granted by the Combined Ordinary and Extraordinary General Shareholders' Meeting of May 4, 2009 which limited the maximum authorized amount to 0.2% of Company capital as at the decision date.

In all, 3,297,014 shares were allocated to 224,036 employees. All employees of GDF SUEZ and its subsidiaries (in France and abroad), controlled or fully consolidated as at April 30, 2009 were allocated 20 bonus shares, subject to still being in service in the Company and after a vesting period varying between two and four years depending on the country:

- for employees in departments shared between ERDF and GrDF, the number of bonus shares per employee is calculated by applying a ratio (percentage represented by gas) to the business unit to which the employee was attached on April 30, 2009. The number is rounded up to the next higher integer and cannot be lower than five when this rate is not zero;
- for beneficiaries of SUEZ Environnement Company and its subsidiaries, the number of GDF SUEZ bonus shares is set at eight per beneficiary, to take account the decision of the Board of Directors of SUEZ Environnement Company dated June 25, 2009 to set up a bonus share allocation plan for 30 SUEZ Environnement Company shares per beneficiary for all employees of the company and its subsidiaries, to ensure their involvement in both the GDF SUEZ and SUEZ Environnement Company incentive schemes.

4.5 HEALTH & SAFETY POLICY

4.5.1 IMPROVED RESULTS

Health & Safety results continued to improve in 2009 and were slightly better than the target set (frequency rate of 9.7 against the target of 10).

The frequency of workplace accidents in the Group was reduced by close to half in five years and the seriousness of accidents by more than a third.

The number of fatal accidents also declined. The number of deaths of interim and subcontractor employees declined from 13 a year to six a year in three years. Fatal accidents of Group personnel declined from 14 a year to 11 a year in five years.

4.5.2 HEALTH AND SAFETY POLICY FOR THE NEW GROUP

The new GDF SUEZ Health & Safety policy has been developed and approved by unions in Europe. It involved widespread consultation with managers (over 400 of them), physicians and prevention experts and in-depth dialog with employee representatives, who were consulted during its development stage as participants in the Health & Safety Steering Committee and subsequently in negotiations with unions at European level.

It has strong backing from the Group's leadership and is based on experience acquired of policies and charters in force in the two groups Gaz de France and SUEZ before their merger, also more particularly taking into account human and organizational factors.

In addition, a medium-term action plan was developed to specify quantifiable objectives and deployment actions.

The work also involved various policies (protection of tangible and intangible assets, crisis management, crisis communication, management systems, etc.) and Group standards (incident and accident management, health & safety reporting, interim and outsourced labor oversight, incorporation of health & safety criteria in annual performance assessments of directors, managers and supervisors).

4.5.3 UNIFIED INTERNAL CONTROL SYSTEM

The internal control system has been unified. It can now be applied to monitor the performance of various indicators as well as evaluate the maturity of the health and safety management systems set up by various entities of the Group.

The internal Health & Safety auditors have been brought up to speed. Paired up, they have conducted 35 cross-referenced checks with the new Group tool, on subsidiaries across all six business lines in France and abroad.

4.5.4 CONTROL OF MAJOR RISKS TO HEALTH, WORKPLACE SAFETY, INDUSTRIAL SAFETY

The workplace Health & Safety risks to employees and outsourcers, and industrial safety have been assessed and treated by the subsidiaries, consolidated by business line, analyzed and checked by the Group's Health & Safety division (D3SM) in cooperation with the business lines. The result of the risk assessment was taken into account at the annual review of Health & Safety management in every business line.

4.5.5 EXECUTIVE INVOLVEMENT

The Executive Committee, the Board of Directors and the Committee for Ethics, Environment and Sustainable Development have issued clear objectives and are attentively following the results of the action plan. Specifically, the Board of Directors has taken into consideration the risk of workplace death among employees, service providers and interim workers (see section 5.5.4.1 "Work place Health & safety").

4.5.6 SOCIAL DIALOG

In 2009, considerable Health & Safety dialog continued with social partners both locally and at Group level. The Health & Safety Steering Committee continued to closely monitor the Group results and to analyze the causes of serious accidents and the preventive actions put in place, in particular with respect to the flu pandemic. At the same time, it was involved in the communication of the Group's new health & safety policy.

As soon as new opportunities for coordinated social action were created, the first step was to pursue the negotiations underway, which led to a workplace health & safety agreement.

Negotiations to prevent psychosocial risks by improving the quality of life at work were also undertaken with union organizations at Group France level. These resulted in an agreement defining the methodological approach, the resources, the timelines and the oversight by the Group. The purpose of these actions was to prevent psychosocial risks by improving workplace conditions and the quality of working life in the Group's French companies and subsidiaries.

4.5.7 PROFESSIONALIZATION/TRAINING

For all personnel in total, the Security, Health Protection and Environmental Quality in the workplace (QSE) training hours provided in 2009 represented 27.2% of the total number of training hours.

The GDF SUEZ University continued its workplace health & safety training for managers.

A new training module dedicated specifically to Health & Safety issues was developed in 2009. This training, given by a physician, addresses the health issues in the agreement, Group's medium-term action plan, and the position of the manager as a player in Health. It also addresses health maintenance issues in light of workplace risks, psychosocial risk management and quality of life at work.

A final module aimed at Health & Safety professionals, completes this training module at the GDF SUEZ University.

In 2009, more than 1,000 managers took training, 50% of them in France and 50% abroad.

As a complement to this training, the professionalization of business staff requires the exchange of internal and external best practices and feedback. All these are reflected in the Health & Safety agreements signed by the Group and its business lines as well as its various communication initiatives.

4.5.8 COMMUNICATION

Communication both upwards and downwards is necessary to reinforce the Heath Safety & Security culture. Its aim is to raise awareness of policies, objectives and results, but also to share experience feedback and best practices. In order the achieve the various targets, a number of aids have been put in place: a video by the Chairman and Chief Executive Officer, and the Vice-chairman and President, a quarterly message to managers, a dedicated intranet site, a quarterly newsletter to experts, and a Health & Safety magazine for all Group employees. Reflex, the new magazine launched in 2009 aims above all to help every person in preserving health & safety. It relays very concrete information to promote good behavior and preventive measures on a daily basis at work as well as at home.

4.6 SOCIAL WELFARE INITIATIVES

GDF SUEZ SA helps fund social welfare projects in the IEG sector based on a percentage of its revenue for France (and not a percentage of its payroll). Companies operating in this category qualify for special exemptions under common law. The social welfare work concerns all companies in the IEG sector and it is administered by a *Caisse Centrale d'Activités Sociales* which is a legal entity and is comprised solely of staff representatives of the companies in the IEG sector. The *Caisse* is overseen exclusively by public authorities. The total contribution made by GDF SUEZ to social welfare organizations for 2009 stands at €155 million.

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4.7 SOCIAL DATA[(1)]

		Energy France			Energy Europe and International		
	GRI	2007	2008	2009	2007	2008	2009
Workforce by geographic zone ■■	**LA1**	**10,012**	**10,104**	**10,787**	**26,086**	**23,919**	**24,279**
France	LA1	9,978	10,081	10,787	141	133	114
Belgium	LA1				9,226	7,561	7,603
Other European Union	LA1	34	23		12,432	11,271	10,915
Other European countries	LA1				0	0	0
Total Europe	LA1	10,012	10,104	10,787	21,799	18,965	18,632
North America	LA1				1,678	2,009	2,012
South America	LA1				1,829	2,076	2,259
Asia - Middle-East - Oceania	LA1				780	869	1,376
Africa	LA1				0	0	0
% of reporting		*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
Distribution of Employees by Socio-Professional Category	**LA1**						
Managerial staff ■■	LA1	1,482	1,137	2,242	3,890	5,693	5,142
Non-managers ■■	LA1	4,120	5,328	8,545	12,594	18,201	19,137
% of reporting		*56.0%*	*64.0%*	*100.0%*	*63.2%*	*99.9%*	*100.0%*
Proportion of women in Group							
Proportion of women in workforce ■■	LA13	34.0%	33.0%	32.8%	27.2%	27.5%	27.5%
% of reporting		*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Proportion of women in management	LA13	22.2%	23.2%	26.5%	18.8%	20.0%	21.1%
% of reporting		*16.9%*	*18.1%*	*100.0%*	*62.8%*	*66.1%*	*100.0%*

■ *Moderate assurance*

■■ *Reasonable assurance*

(1) *See Appendix B "Statutory auditors report on the review of selected environmental and social indicators".*

Global Gas & LNG			Infrastructure			Energy Services			Environment		
2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
1,749	**1,909**	**2,310**	**18,455**	**17,395**	**17,341**	**75,166**	**77,883**	**76,766**	**61,915**	**65,382**	**65,895**
673	699	984	17,439	17,343	17,274	39,166	40,483	39,701	31,289	32,835	32,398
	18	20	953	0	0	9,949	10,263	10,278	2,113	2,219	2,050
990	1,058	1,162	63	52	67	20,573	21,548	20,387	19,075	19,877	19,167
61	101	139	0	0	0	3,054	2,939	2,927	78	80	78
1,724	1,876	2,305	18,455	17,395	17,341	72,742	75,233	73,293	52,555	55,011	53,693
0	0	1	0	0	0	10	11	367	2,704	3,250	3,281
4	4	3	0	0	0	448	719	868	231	222	269
		1	0	0	0	1,966	1,920	2,182	3,060	3,381	4,582
21	29	0	0	0	0	0	0	56	3,365	3,518	4,070
100%	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
514	807	1,211	3,614	3,146	3,393	10,340	11,295	13,050	7,766	8,358	8,649
134	372	1,099	14,040	14,207	13,948	57,055	58,474	63,716	54,149	57,024	57,246
37.1%	*61.8%*	*100.0%*	*95.7%*	*99.8%*	*100.0%*	*89.7%*	*89.6%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
28.8%	28.7%	30.8%	19.3%	20.1%	20.9%	11.3%	11.8%	11.8%	18.3%	18.2%	18.5%
100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
37.5%	35.0%	31.4%	12.8%	-	25.2%	11.7%	13.0%	13.2%	23.9%	23.7%	24.2%
2.5%	*2.6%*	*100.0%*	*5.4%*	*0.0%*	*100.0%*	*89.7%*	*89.6%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

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	GRI	Energy France 2007	Energy France 2008	Energy France 2009	Energy Europe and International 2007	Energy Europe and International 2008	Energy Europe and International 2009
Distribution of employees by type of contract	**LA1**						
Permanent	LA1	97.1%	98.6%	94.3%	93.1%	94.1%	96.0%
Other	LA1	2.9%	1.4%	5.7%	6.9%	5.9%	4.0%
% of reporting		*17.0%*	*54.2%*	*100.0%*	*62.8%*	*66.5%*	*100.0%*
Age pyramid of permanent employees ■	**LA1**						
Under 25 years ■	LA1	5.5%	5.3%	6.2%	5.5%	5.4%	3.6%
25-29 yrs ■	LA1	12.6%	11.3%	14.6%	13.6%	15.1%	13.6%
30-34 yrs ■	LA1	15.5%	16.7%	14.9%	12.7%	13.9%	15.5%
35-39 yrs ■	LA1	15.5%	16.9%	16.9%	13.8%	13.8%	15.0%
40-44 yrs ■	LA1	12.8%	12.7%	13.0%	14.7%	14.2%	16.1%
45-49 yrs ■	LA1	15.7%	14.7%	12.7%	15.1%	14.4%	13.6%
50-54 yrs ■	LA1	17.5%	16.1%	13.8%	13.9%	12.9%	13.1%
55-59 yrs ■	LA1	4.3%	5.8%	7.0%	9.3%	8.5%	8.0%
60-64 yrs ■	LA1	0.4%	0.4%	0.7%	1.2%	1.6%	1.4%
65 yrs + ■	LA1	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%
% of reporting		*16.9%*	*38.7%*	*100.0%*	*62.8%*	*64.4%*	*100.0%*
Staff and job movement							
Turnover ■	LA2	0.70%	0.90%	5.96%	6.10%	5.60%	9.80%
% of reporting		*16.90%*	*18.30%*	*100.00%*	*58.80%*	*60.20%*	*100.00%*
Voluntary turnover ■	LA2	2.49%	2.40%	4.17%	3.67%	3.40%	2.30%
% of reporting		*100.00%*	*97.80%*	*100.00%*	*96.77%*	*94.40%*	*100.00%*
Entrance rate ■	LA2	10.34%	10.30%	13.65%	12.65%	14.10%	10.38%
% of reporting		*100.00%*	*97.80%*	*100.00%*	*96.77%*	*94.40%*	*100.00%*
Rate of hiring on permanent contract	LA2	67.30%	61.60%	55.72%	67.70%	75.00%	73.92%
% of reporting		*16.90%*	*18.30%*	*100.00%*	*58.80%*	*60.20%*	*100.00%*
% with disabilities			1.31%	1.62%		0.25%	0.64%

■ *Moderate assurance*

■■ *Reasonable assurance*

Global Gas & LNG			Infrastructure			Energy Services			Environment		
2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
100.0%	100.0%	95.6%	97.0%	100.0%	96.0%	92.8%	92.6%	93.4%	92.1%	91.8%	92.3%
0.0%	0.0%	4.4%	3.0%	0.0%	4.0%	7.2%	7.4%	6.6%	7.9%	8.2%	7.7%
2.5%	*37.4%*	*100.0%*	*5.4%*	*95.8%*	*100.0%*	*94.3%*	*94.2%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
0.0%	2.3%	1.9%	3.9%	4.7%	4.9%	5.7%	6.0%	5.1%	4.0%	4.2%	3.6%
9.3%	15.6%	11.1%	12.9%	8.6%	9.0%	11.8%	11.9%	11.9%	9.6%	9.7%	9.6%
27.9%	22.9%	16.2%	13.4%	10.4%	10.8%	12.3%	12.5%	12.8%	12.5%	11.9%	11.7%
18.6%	18.5%	15.8%	19.7%	12.2%	12.0%	14.5%	14.0%	13.4%	16.1%	15.8%	15.2%
16.3%	12.6%	11.9%	14.8%	12.7%	12.4%	15.7%	15.6%	15.5%	17.5%	17.2%	16.9%
23.3%	11.3%	13.2%	12.7%	21.0%	18.8%	14.2%	14.2%	14.7%	15.7%	15.9%	16.5%
2.3%	9.8%	16.0%	12.1%	24.7%	24.8%	13.3%	13.0%	13.2%	12.9%	13.0%	13.6%
2.3%	6.3%	11.2%	9.9%	5.6%	6.8%	9.9%	9.9%	10.3%	8.7%	8.9%	9.3%
0.0%	0.4%	2.6%	0.5%	0.1%	0.4%	2.4%	2.6%	2.9%	2.6%	2.9%	3.2%
0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.2%	0.2%	0.3%	0.5%	0.5%	0.5%
2.5%	*36.2%*	*100.0%*	*5.4%*	*95.8%*	*100.0%*	*89.7%*	*88.2%*	*100.0%*	*100.0%*	*98.9%*	*100.0%*
5.60%	2.20%	2.53%	3.20%	-	0.37%	9.50%	7.50%	6.26%	8.70%	8.40%	7.39%
2.20%	*2.60%*	*100.00%*	*5.70%*	*0.00%*	*100.00%*	*87.20%*	*90.40%*	*100.00%*	*99.30%*	*99.50%*	*98.43%*
3.28%	1.40%	2.12%	0.37%	0.10%	0.23%	7.22%	5.90%	3.61%	5.72%	5.20%	3.31%
100.00%	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*98.36%*	*100.00%*	*100.00%*	*99.33%*	*99.50%*	*98.43%*
11.34%	13.70%	15.01%	3.72%	5.40%	6.66%	19.63%	19.20%	12.69%	19.56%	19.50%	15.70%
100.00%	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*98.36%*	*100.00%*	*100.00%*	*99.33%*	*99.50%*	*98.43%*
100.00%	0.00%	78.31%	55.70%	-	57.12%	64.70%	56.40%	57.10%	59.60%	57.40%	46.14%
2.20%	*2.60%*	*100.00%*	*5.70%*	*0.00%*	*100.00%*	*87.20%*	*90.40%*	*100.00%*	*99.30%*	*99.50%*	*98.43%*
	0.00%	1.34%		0.00%	2.05%		1.43%	1.54%		1.46%	1.49%

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	GRI	Energy France 2007	Energy France 2008	Energy France 2009	Energy Europe and International 2007	Energy Europe and International 2008	Energy Europe and International 2009
Professional Development							
% of workforce trained ■■	LA10	66.45%	75.90%	73.46%	68.62%	79.00%	77.35%
% of reporting		*99.66%*	*97.80%*	*100.00%*	*99.96%*	*70.30%*	*94.47%*
Proportion of women in trained workforce	LA10	36.95%	31.30%	33.57%	26.08%	28.10%	27.88%
% of reporting		*99.66%*	*94.40%*	*100.00%*	*99.91%*	*71.00%*	*94.47%*
Proportion of managers and non-managers in trained workforce:	LA10						
Managerial staff	LA10	30.46%	32.90%	21.24%	20.84%	25.50%	20.98%
Non-managers	LA10	69.54%	67.10%	78.76%	79.16%	74.50%	79.02%
% of reporting		*16.88%*	*18.30%*	*100.00%*	*62.00%*	*62.40%*	*94.47%*
Training expenses per trained person (€)		896	934	1,480	1,177	1,626	958
% of reporting		*16.88%*	*18.30%*	*100.00%*	*61.97%*	*65.70%*	*91.55%*
Number of training hours per trained person	LA10	42	32	33	48	68	54
% of reporting		*99.66%*	*97.80%*	*100.00%*	*99.91%*	*70.30%*	*94.04%*
Number of training hours per woman trained		39	31	27	43	68	55
% of reporting		*99.66%*	*94.70%*	*100.00%*	*99.91%*	*71.00%*	*94.04%*
Training expenses per training hour (€)		22	23	44	22	23	18
% of reporting		*16.88%*	*18.30%*	*100.00%*	*61.97%*	*64.00%*	*91.55%*
Hours of training by topic							
Business techniques		44.00%	40.00%	58.25%	42.20%	40.80%	45.88%
Quality, safety, environment		30.70%	30.70%	15.25%	19.80%	18.70%	15.23%
Languages		2.70%	4.10%	2.34%	10.20%	16.20%	12.29%
Other		22.60%	25.20%	24.17%	27.80%	24.30%	26.61%
% of reporting		*16.88%*	*18.30%*	*100.00%*	*61.97%*	*64.00%*	*94.04%*
Work conditions	**LA7**						
Days of absence per person		15	11	19	10	14	11
% of reporting		*99.40%*	*97.80%*	*100.00%*	*99.90%*	*73.60%*	*99.98%*
Overtime	LA7		1.51%	1.20%		4.15%	3.01%
% of reporting			*18.30%*	*100.00%*		*65.40%*	*99.98%*
Workplace safety							
Number of fatal accidents (employees) ■			0	0		2	2
Frequency ■			14.85	14.34		2.17	2.15
Seriousness ■			0.33	0.46		0.06	0.08
% of reporting			*100%*	*100%*			

■ *Moderate assurance*

■■ *Reasonable assurance*

Global Gas & LNG			Infrastructure			Energy Services			Environment		
2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
72.15%	60.60%	81.99%	71.03%	54.60%	66.68%	55.97%	61.10%	59.57%	59.97%	57.20%	59.73%
100.00%	100.00%	86.56%	99.42%	100.00%	99.99%	89.98%	88.10%	88.80%	94.37%	99.00%	98.02%
28.17%	34.60%	30.96%	16.28%	16.60%	16.77%	8.78%	9.80%	10.58%	19.50%	19.70%	18.70%
97.58%	92.10%	86.56%	99.43%	95.30%	99.99%	89.98%	87.60%	88.80%	94.37%	100.00%	98.02%
81.48%	70.00%	57.83%	28.40%		18.15%	15.41%	15.90%	16.83%	16.52%	15.60%	15.11%
18.52%	30.00%	42.17%	71.60%		81.85%	84.59%	84.10%	83.17%	83.48%	84.40%	84.89%
2.26%	2.60%	86.56%	5.68%	0.00%	99.99%	78.80%	78.50%	88.80%	94.37%	99.00%	98.02%
2,851	2,243	2,193	1,471		1,603	763	1,068	744	890	820	579
2.21%	2.60%	70.96%	5.68%	0.00%	99.99%	78.80%	78.50%	88.80%	94.37%	98.60%	97.98%
186	38	20	42	37	38	27	27	29	25	24	23
97.58%	100.00%	52.69%	99.43%	100.00%	99.99%	89.98%	88.10%	88.80%	94.37%	99.00%	98.02%
36	36	27	36	29	30	23	27	29	23	22	26
97.58%	92.10%	52.69%	99.43%	95.30%	99.99%	89.98%	87.60%	88.80%	94.37%	100.00%	98.02%
75	54	111	33		42	28	39	26	35	35	25
2.21%	2.60%	52.69%	5.68%	0.00%	99.99%	78.80%	78.50%	88.80%	94.37%	99.40%	97.98%
47.60%	26.80%	22.55%	51.50%		52.40%	46.10%	46.00%	47.49%	31.20%	31.10%	30.61%
6.50%	1.20%	4.72%	27.20%		24.20%	30.00%	30.90%	31.77%	36.30%	39.70%	41.65%
23.20%	69.40%	23.88%	5.10%		1.57%	3.60%	4.10%	3.39%	8.50%	6.40%	4.14%
22.70%	2.60%	48.85%	16.20%		21.83%	20.30%	19.00%	17.35%	24.00%	22.90%	23.59%
2.21%	2.60%	52.69%	5.68%	0.00%	99.99%	78.80%	78.50%	88.80%	94.37%	99.40%	98.02%
11	16	15	19	10	21	13	14	12	16	15	12
100.00%	85.50%	99.21%	99.80%	99.39%	99.99%	98.30%	100.00%	100.00%	96.10%	99.00%	100.00%
	0.00%	2.15%		-	2.41%		2.49%	2.83%		4.96%	4.89%
	2.60%	99.21%		0.00%	99.88%		90.40%	99.99%		99.40%	100.00%
	0	0		1	2		0	3		2	4
	0.00	2.3		5.01	3.44		9.57	8.65		17.45	15.35
	0.00	0.09		0.28	0.2		0.42	0.39		0.65	0.64
					99.70%						

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4.7.1. NOTE ON METHODOLOGY OF CORPORATE INDICATORS

4.7.1.1 Tools used

Magnitude, a financial consolidation application, was used for corporate data for 2009.

This software product collects, processes, and reports data entered by local companies that are subsidiaries of the GDF SUEZ Group.

The financial consolidation method is applied to each of these entities, including during the HRD phase: full consolidation (FC), proportional consolidation (PC), and equity method consolidation (EMC).

The corporate analyses in this report relate exclusively to fully consolidated entities, companies which GDF SUEZ controls in both capital and management terms, and do not take into account proportionately consolidated entities.

Once a company is fully consolidated in GDF SUEZ's financial statements, its corporate data is completely integrated, regardless of the amount of the company's capital owned.

4.7.1.2 Scope of reporting

A scope of reporting percentage is attributed to each indicator, corresponding to the indicator coverage as a percentage of Group workforce (workforce of companies fully consolidated in the GDF SUEZ financial statements).

If a company happens not to have communicated its data or has entered information that contains inconsistencies, we exclude the data in question from the scope of reporting.

Certain low reporting percentages are due to the fact that some indicators were not requested from all of the Group. Harmonization of Group Corporate Reporting did not come into effect until January 1, 2009.

4.7.1.3. Methods for the consolidation of indicators

The quantitative corporate data in this report comes from the Group's financial consolidation software. After being collected the data was processed and consolidated according to clearly defined procedures and criteria.

Structural data, employee turnover, working conditions, training and safety data were consolidated by aggregation.

The following points should be noted with respect to the data published in this report:

1. the total number of employees in business lines is 3,266 less than the published total. This difference is due primarily to the number of employees at headquarters in Paris and Brussels and to the number of employees in financial sector activities who are not attached to one of the six operational business lines;
2. the geographical breakdown of employees corresponds to that of the IFRS financial reporting scope. Also, although the companies in the global gas and LNG business line are located in Africa, they are considered part of Europe;
3. the indicators for 2007 and 2008 were recalculated to reflect as closely as possible the Group's current pro forma. In order to harmonize the concept of workforce for 2007 and 2008, the "workforce under work/study contracts and interns" indicator has been added to the workforce of the former Gaz de France. The same recalculation has been applied to female employees.;
4. in the socio-professional breakdown, administrative employees are recognized under "senior technicians and supervisors" for greater consistency;
5. although it is a core feature of business culture in France, the French concept of *"cadres"* (managers) is sometimes difficult to understand in other countries where GDF SUEZ in present. This can lead to a slight underestimation of the number of managers because some entities may take only their director-level management into account;
6. the employee turnover indicator only takes account of dismissals and resignations. It is calculated on the basis of reported yearly movements of the average staffing level;
7. given the timelines involved, the data relating to training and hours worked is not always final and therefore reflects the most recent situation including a forecast of workforce, training expenses and hours worked by year-end;
8. with respect to the number of people with disabilities, the figures cited represent the total number of persons with declared disabilities at the end of the period for the business line concerned. These figures provide the best information possible on the integration of people with disabilities into GDF SUEZ companies. We do not consider it relevant to provide a scope definition for this indicator.

4.7.2. NOTE ON METHODOLOGY OF HEALTH & SAFETY INDICATORS

4.7.2.1. Scope

With respect to health and safety data for 2009, the analyses in this report relate exclusively to fully consolidated companies that GDF SUEZ controls in both capital and management terms. They do not incorporate proportionately consolidated entities.

Once a company is fully consolidated in GDF SUEZ's financial statements, its corporate data is completely integrated, regardless of the amount of the company's capital owned.

Note that the Environment business line incorporates data from entities acquired in the reporting three years after their consolidation into scope by the financial department. This rule was laid down in the 2009 review of the health and safety reporting procedure.

4.7.2.2. Methods for checking and consolidating indicators

After being collected, the quantitative health and safety data in this report is checked and consolidated according to clearly defined procedures and criteria.

For the Infrastructure business line, in consolidating the data for the GrDF distribution BU, which operates jointly with ErDF, only the "natural gas" part of hours worked is taken into account.

The following points should be noted with respect to the data published in this report:

1. in contrast to corporate reporting, the health and safety reporting includes the data of entities acquired specifically for the Environment business line. This situation produces a slight difference in the scope of workforce covered by the two types of reporting;
2. the frequency and seriousness data provided by the Global Gas & LNG business line takes into account temporary workers, whereas the other business lines do not. This difference concerns exclusively DE&P.

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5 RISK FACTORS

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Due to the diversity of its activities, facilities and products and services, GDF SUEZ's portfolio represents a mix of financial, industrial and commercial risks and opportunities. Its leadership position in the energy and environmental sectors and its growth goals also expose it to strategic and reputational risks tied specifically to trends in the regulatory environment and climate facing its businesses.

The Group operates in a rapidly-changing environment that can lead to a host of risks, some of which are beyond its control. The major risks to which it is exposed, based on the Group's assessment, are described below. Other risks not mentioned or unknown to date could also have an impact on the Group. If any of these risks occurred, they could have a significant negative impact on the Group's operations, financial standing and results, image and outlook and on the GDF SUEZ share price.

5.1 RISK MANAGEMENT PROCEDURE

Following the merger, GDF SUEZ implemented a common global risk management system and set of principles (Enterprise Risk Management or ERM). In response to regulatory changes in this area, in 2009, the Group adopted a global risk management policy whose principles are consistent with industry standards (including ISO 31000, Federation of European Risk Management Associations, and COSO II). This policy reflected its goal of "improving risk management to ensure performance".

5.1.1 ROLE OF THE GDF SUEZ AUDIT COMMITTEE

The Executive Committee validated the ERM policy and submitted it to the Board of Directors' Audit Committee early 2009, thereby confirming the risk management governance in effect since the merger. Through the Audit Committee, the Board is thus able to carry out its mission of monitoring the effectiveness of the risk management systems and the internal control systems, as required by the Decree of December 8, 2008, which transposes the eighth European Directive on corporate governance to France. The Board's Internal Regulations were amended to that effect. The Audit Committee was regularly informed of GDF SUEZ's exposure to the financial risks posed by the crisis, as well as to other strategic and operational risks, upon request. The Committee received the review of the risks of all GDF SUEZ activities in January and March 2010.

5.1.2 GDF SUEZ GLOBAL RISK MANAGEMENT POLICY

To strengthen its position as a leading actor, GDF SUEZ seeks to manage its risks in order to maintain and improve the company's value and reputation, as well as internal motivation, on an ongoing basis. The company describes risk as "any uncertain event liable to have positive or negative impacts on the continuation of the company, its reputation or affecting its strategic, financial or operational objectives". Based on that definition, GDF SUEZ encourages reasonable risk-taking that complies with laws and regulations, is acceptable to public opinion and is economically sustainable.

To carry out this goal, GDF SUEZ has appointed the Executive Committee member in charge of the Audit and Risks Division to serve as Chief Risk Officer. The Risk Management Department reporting to this individual directs the ERM procedure. The Risk Officers at the head office, business lines, business units and operating departments support the managers in the process of identifying and evaluating risks and of assessing the resources used to limit and hedge them. A unified risk assessment methodology was defined in early 2009 based on the standards, best business practices and experience of the two former Groups.

Risk owners manage their risks, which are coordinated, as necessary, by the functional lines.

In its supervisory and decision-making role, the Executive Committee validates the GDF SUEZ global risk management policy. It examines and approves the company risk review process at least once annually.

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The business units performed their risk mapping and review in the first half of the year. On that basis, the business lines and functional lines conducted their own risk review in the third quarter of 2009. This information was prioritized and summarized group-wide to identify the major risks facing GDF SUEZ. The Executive Committee, Audit Committee and Board of Directors reviewed them before preparing the 2009 financial statements. The major risk factors that emerged are described in Chapter 5.

The Internal Audit Department from the Audit and Risks Division develop the proposed GDF SUEZ audit program using risk maps so as to identify the most relevant audit issues and assess risk coverage. The audit results, in turn, are used to update the risk map. Similarly, the internal control program incorporates the findings of the ERM procedure and participates, vice versa, in risk control.

5.2 A CHANGING ENVIRONMENT

5.2.1 THE ECONOMIC ENVIRONMENT IN A SUSTAINED CRISIS

The world economic crisis, which continued throughout 2009, affected most economic players. Given the nature of its businesses, GDF SUEZ is sensitive to these economic factors. Their potential impacts are described below.

5.2.1.1 The Group's exposure to economic cycles and changes in demand

Some of the Group's businesses - such as services to industrial customers - are sensitive to economic cycles. Any economic slowdown reduces industrial investments, including maintenance operations and thus reduces demand for the installation and engineering services that the Group's service entities provide. This fluctuating demand can cause significant changes in the level of activity and margins of these businesses.

In Western Europe, one change could involve the relocation, by the Group's customers, of operations to low-wage countries. Specifically, in the energy businesses, large electricity-intensive customers (including metallurgy and chemistry) could relocate production to regions where energy costs are lower than on domestic markets.

The effects of the crisis could last into 2010 and result in a prolonged slowing of operations among the Group's major customers. This could contribute to a decline in unit or overall demand for energy, water, waste, and related services, thus affecting the Group's business volumes and margins.

The Group's considerable geographic and sectoral diversity provides only partial protection against this risk.

5.2.1.2 The Group's exposure to changes in consumption and production methods

In addition to the crisis, a combination of societal, regulatory and climatic conditions are slowing the growth of electricity, gas and water consumption and waste treatment. In France, in particular, consumption has dropped off considerably following a reduction in unit gas consumption in the construction sector (both new and existing), due both to improved building quality and increased systems efficiency. Customers also perceive a decline in the relative competitiveness of gas, due specifically to successive tariff increases, tax incentives for electricity and the image of gas as a CO_2-emitting form of fossil fuel, all against a backdrop of nearly stable regulated electricity tariffs and increased potential for renewable energy. This situation may worsen in the short term with the implementation of the Energy Climate Contribution (the former carbon tax) in 2010, particularly if it excludes electricity marketing from its scope of application, and over the long term, if the amount increases significantly by 2030, which would reduce the competitiveness of natural gas.

With respect to production methods, this new CO_2 restriction, coupled with renewable energy support provisions and other regulatory and tax provisions, increase the complexity of the competitive equilibrium among different forms of energy and increase uncertainty in terms of relevant technological choices for the future (including gas, nuclear, coal and renewables).

Incorrect forecasting regarding these changes in the energy mix could lead to misguided investment choices and damage the Group's future profitability. The diversity and balance that characterized the Group's portfolio of assets and customers, and the moderate level of its facilities' CO_2 emissions, limit its exposure to this risk, particularly when compared to less-diversified primary

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competitors or those with higher emissions as a result of their production mix.

The environmental business reflects similar trends, with a decline in the volume of operations in the water and waste sectors, as consumers have adopted environmentally-friendly attitudes. In view of these risks, monitoring mechanisms have been implemented and business models have been adjusted, as necessary.

5.2.2 FINANCIAL RISKS

The section below describes the financial risks to which the Group is exposed. The approach to these risks is based on identifying, managing and measuring them. It also involves specific governance and control mechanisms.

The tightened financial discipline like reporting and control procedures reinforced during the 2008 financial crisis, was continued in 2009.

5.2.2.1 Commodities market risk

The Group notes two primary kinds of commodities market risks: price risks related directly to market price fluctuations and volume-related risks inherent to the business (specifically, weather-related risks).

The Group is exposed to commodities market risks in the context of its operations; specifically gas, electricity, coal, oil and oil products, other fuels, CO_2 and other green products. It is active on these markets for supply purposes and/or to optimize and secure its chain of energy production and sales. The Group also relies on derivative products linked to energy in order to provide its customers hedging instruments and to hedge its own positions.

To the extent that most of the business lines face market risk, the Group has defined a policy delegating its management to the business lines based on a defined framework that includes quantitative limits that are adapted to their specific activities. For example, exploration and production activities are subject to a hedging policy that combines the need to predict results with the possibility of benefiting from any oil price hikes. On the other hand, marketing activities are not intended to bear this type of risk and must either hedge or transfer them internally.

With the exception of trading activities, market risks are assessed in terms of their impact on EBITDA, which is the key financial indicator for managing the Group's performance. The primary risk indicators include sensitivities, EBITDA at Risk, hedging ratios and stress tests based on defined negative scenarios. For trading activities, and in accordance with market standards, the risk indicators include sensitivities, Value at Risk (VaR) and stress tests (see Note 15.2.3.3 in Chapter 11.2).

The Group has implemented specific governance to control market risks based on (i) the general principle of separation of risk management and control, (ii) a Group-level Energy Market Risks Committee (EMRC) that is responsible for validating the business lines' risk policies and monitoring consolidated exposure, and (iii) a specific risk control unit coordinated by the Finance Department. This type of organization is incorporated in each business line. The EMRC is also responsible for energy counterparty risks (see below).

5.2.2.2 Counterparty risk

The Group's financial and operational activities are exposed to insolvency risks when its counterparties (customers, suppliers, intermediaries, and banks) are unable to honor their contractual obligations. This risk results from the combination of payment risk (non-payment of services or deliveries made), delivery risk (non-delivery of services or supplies paid for), and a risk of replacement of defaulting contracts (called Mark-to-Market exposures corresponding to replacement under terms different to those originally established).

To the extent that all the business lines and the Finance Department bear counterparty risk, sometimes on the same counterparties, GDF SUEZ has also defined a policy that delegates the management of these risks to the business lines, while permitting the Group to maintain control over exposure from the largest counterparties.

The risks are generated via standard mechanisms such as third-party guarantees, netting agreements and margin calls or via the use of dedicated hedging instruments. Operational activities may involve prepayments or suitable recovery procedures (especially for retail customers).

Counterparty creditworthiness is assessed based on a rating process applied to major customers and intermediaries who exceed a certain level of commitment (as well as to banks) and on a simplified scoring process applied to commercial customers whose consumption level is lower. These processes are based on measures that have been formalized and are consistent within the Group. Consolidated exposures are monitored by counterparty and by segment (including creditworthiness and business sector) based on indicators of current exposure (payment risk, MtM exposure) and of future potential exposure (Credit VaR).

The governance and mechanism established to control market risks (see above) are also included in the control of counterparty risks. In addition, the EMRC assigns limits to the main common counterparties and determines the exposure levels desired, as necessary.

5.2.2.3 Foreign exchange risk

The Group is exposed to foreign exchange risks defined as the impact on the balance sheet and the income statement of exchange rate fluctuations as it performs its operational and financial activities. These are defined further as (i) the transactional risk related to ongoing operations, (ii) the specific risk related to investments and mergers and acquisitions and (iii) the risk associated with the consolidation of the financial statements of foreign subsidiaries, which is concentrated on equity investments in the United States and assets considered on a dollarized basis, Brazil, Thailand, Poland, Norway and the United Kingdom (see Note 3.3 in Chapter 11.2).

Transactional risk is systematically hedged under the Group's foreign exchange risk policy when the risk is material, given that the foreign exchange risk created by energy positions derives from the energy market risk policy (see above). Specific risk is subject to a case-by-case hedging strategy incorporated in the examination of investment matters. Lastly, risk related to the consolidation of financial statements is subject to a dynamic hedging strategy aimed at protecting the Group's equity by taking foreign currency levels and euro interest rate differentials into account. To do so, the Group relies primarily on foreign currency debt and the income from foreign exchange (see Note 1.4.1 in Chapter 11.2).

With respect to terms of governance and control, the business lines and the Finance Department are responsible for identifying, measuring and hedging their respective transactional risks. The EMRC validates the materiality thresholds proposed by the Finance Department and also monitors residual exposures. Specific risk is the responsibility of the Commitments Committee, which creates a framework and limits for each project. Lastly, consolidation-related risk is hedged on the basis of a hedging plan per currency, prepared by the Finance Department management, based on the equity that the Group wishes to protect.

Also refer to chapter 11.2 - Note 15.1.4.1 (Currency Risk) for a complete presentation of foreign exchange risks.

5.2.2.4 Interest rate risk

At December 31, 2009, after accounting for financial instruments, approximately 57% of the Group's gross debt was fixed rate and 43% was variable or capped variable rate. Since nearly all the Group's surplus is invested on a short-term basis, as at December 31, 2009, 77% of net debt was fixed rate and 23% was variable or capped variable rate.

The Group's objective is to control its financing cost by limiting the impact of interest rate changes on its income statement and to do so, to create a balanced distribution among the various reference rates over the medium term (five years). The Group's policy is thus to diversify the net debt reference rates among fixed, variable and protected variable ("capped variable") rates. The equilibrium allocation may change based on the market context, as it did in 2009. At that time, given the very sharp drop in long-term euro and dollar interest rates, the Group increased the fixed rate hedging ratio and increased the duration of its hedges to lock in these attractive rates over the medium term.

To manage the interest rate structure of its net debt, the Group uses hedging instruments, including primarily swaps and rate options. At December 31, 2009, the Group had a portfolio of hedge options (caps) protecting it against an increase in short-term euro, US dollar and pound sterling rates. Given the historically low levels of all short-term rates during the 2009 fiscal year, almost none of the euro, US dollar and pound sterling hedge options have been activated for the time being.

A 1% increase in short-term interest rates (uniform across all currencies) on the balance of net variable-rate debt and on the variable-rate portions of derivatives would increase net interest expense by €82 million. A 1% decrease in short-term interest rates would reduce net interest expense by €35 million. The asymmetrical impacts are attributable to the low level of short-term rates (below 1%) applicable to a certain number of financial assets and liabilities.

A 1% increase in interest rates (uniform across all currencies) would generate an unrealized gain of €268 million on the income statement attributable to the change in the fair-market value of undocumented derivatives or derivatives designated as net investment hedges. Conversely, a 1% drop in interest rates would generate an unrealized loss of €210 million. The asymmetrical impacts are associated with the interest-rate options portfolio. A change of approximately 1% in interest rates (uniform across all currencies) would generate, in terms of shareholders' equity, a gain or loss of €212 million associated with the change in the fair value of documented cash flow hedging derivatives.

Managed centrally, rate positions are reviewed quarterly and when any new financing is raised. Any substantial change in the rate structure requires prior approval from the Finance Department.

5.2.2.5 Liquidity risk

In the context of its operations, the Group is exposed to a risk of lack of liquidity necessary to meet its contractual obligations. In addition to the risks inherent in managing working capital requirements, the Group also faces those associated with the margin calls required by certain market activities.

Liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate to the scale of its operations and to the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €15.9 billion at December 31, 2009, of which €14.7 billion was available and not drawn down. Eighty per cent of total credit lines and 87% of undrawn facilities are centralized. None of these centralized facilities contain a default clause linked to financial covenants or minimum credit ratings.

At December 31, 2009, bank loans accounted for 35% of the gross debt (excluding bank overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on the capital markets (including €21.7 billion in bonds, or 55% of gross debt).

Cash, including cash and cash equivalents, qualifying financial assets designated at fair value through income, net of bank overdrafts, totaled €10.6 billion at December 31, 2009.

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The Group's financing policy is based on the following principles:

- centralizing external financing;
- diversifying financing sources between credit institutions and capital markets;
- achieving a balanced financial debt repayment profile.

The GDF SUEZ Group pools nearly all of the cash flow needs and surpluses of the Group's subsidiaries, as well as most of their medium and long-term external financing needs. Financing vehicles (long-term and short-term) provide centralization, as do the Group's dedicated cash-pooling vehicles in France, Belgium and Luxembourg.

The surpluses carried by the pooling vehicles are managed under a single policy. Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties.

The Group diversifies its financing resources by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues commercial paper in France, Belgium and the United States.

The balance of short-term paper issues (treasury notes and commercial paper) represented 10.7% of gross debt and totaled to €4.3 billion at December 31, 2009 (see Note 14.2.1 in Chapter 11.2). These programs are used in a cyclical or structural manner to finance the Group's short-term cash needs, given their attractive cost and liquidity. However, the full amount of commercial paper outstanding is backed by confirmed bank credit lines so that the Group can continue to finance its activities in the event that access to this financing source was to dry up.

The Q4 2008 financial crisis and the increase in counterparty risk that followed led the Group to adjust its investment policy. That policy was maintained throughout 2009 in the interest of extreme liquidity (at December 31, 2009, 92% of pooled cash was invested in term bank deposits or in standard money market funds with daily liquidity), and daily monitoring of performance and counterparty risk on these two types of investments, allowing for immediate response.

Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial soundness of counterparties.

5.2.2.6 Stock price risk

As of December 31, 2009, the Group held a number of equity interests in publicly-traded companies (see Note 14.1 in Chapter 11.2), the value of which fluctuates on the basis of trends in the world's stock market.

A decline of 10% in the stock market price of these listed securities would have an impact of about -€140 million on the Group's overall income. For publicly-traded securities, among the elements taken into consideration, the Group considers that a drop in price of more than 50% below the historical cost or a drop below the historical cost for more than 12 months signals loss of value.

The Group's portfolio of listed and unlisted stocks is managed under a specific investment policy and is subject to regular reporting to Executive Management.

5.2.3 CHANGING COMPETITIVE ENVIRONMENT

In its different businesses, the Group is confronted with increased competitive pressure, both from major international players as well as, in certain markets, from private and public sector niche players.

5.2.3.1 Energy market deregulation increases competition

Deregulation of electricity and gas markets, both in Europe and in the United States, has opened the door to new competitors, introduced market price volatility and called the viability of long-term contracts into question. It may also open up to competition certain service concessions. The European Commission is reviewing the possibility of such an initiative in 2010. If gas were included in the scope of competitive bidding, the GDF SUEZ Group could be impacted specifically through the gas distribution concessions awarded to GrDF in France.

In recent years, we have witnessed a trend towards concentration of major energy players in Europe. In the gas sector, major producers are becoming interested in the downstream value chain and are entering into direct competition with established distribution companies, including those that belong to the Group. In France specifically, reciprocal competition with EDF on the gas and electricity markets is a sensitive issue, notably in terms of image, given its past as a joint "EDF-GDF" distributor, which creates confusion between the two companies. Furthermore, consumers want a single energy supplier capable of offering both gas and electricity. The events of the year 2009, as experienced by France's major electricity, nuclear and environmental players, suggest that further consolidation could occur in these markets.

Increased competitive pressure could have a significant negative effect on the sales prices, margins and market shares of the Group's companies.

5.2.3.2 Continued competition in environmental activities

In the environmental sectors (water and waste services), the Group's activities are also subject to strong competitive pressures from both local and international operators, resulting in pressure tension on selling prices to industrial and municipal customers, as well as in a risk of non-renewal of major contracts when they expire. We are observing a trend towards consolidation of market players in waste services in Europe, particularly in the United Kingdom, Germany, Belgium, the Netherlands and Luxembourg. In addition, new forms of competition have emerged recently, including aggressive strategies on the part of investment funds, involvement of certain public sector operators and attempts by local governments to regain control of these services.

5.2.4 CLIMATIC UNCERTAINTIES

Energy businesses, particularly those involved in sales to consumers, are directly affected by changing weather and the broader "climate change" issue.

5.2.4.1 Impact of weather conditions on income

In the energy sector, significant weather changes (primarily in terms of temperatures, but also waterfall[1] and wind) from one year to another can cause substantial changes in the supply of and demand for electricity and gas. For example, the electricity supply is tighter during periods of low waterfall and less restricted in the contrary case. On the other hand, demand is higher in the coldest years and lower in less frigid years. These factors, which combine price and volume impacts, have a direct effect on the Group's income.

5.2.4.2 How measures to fight climate change affect the Group

In the wake of the Kyoto Protocol and other recent international agreements, the fight against climate change is widening and has produced extensive regulations in environmental and tax law in France, Europe and internationally (see Section 3.2.1. for more details). These developments could have a profound impact on the economic models the Group has chosen. For example, gas, oil and natural gas could be replaced in certain areas due to their carbon content, thereby creating competitive distortions in the electricity sector via exemptions, incentives and subsidies or by reducing margins via price squeezes. This would prevent passing on CO_2 quota costs – or the cost of any carbon content tax such as the one announced in France in 2010 - to customers.

While such measures may negatively affect the Group's earnings, they also offer new business opportunities in renewable energy, nuclear energy, carbon storage, energy efficiency services and gas-coal substitution. The Group could thus extend the scope of its development, but also confront a new form of competition.

The 2005 launch of a market for trading greenhouse gas emissions rights in Europe (EUETS[2], coupled with national CO_2 quota allocation plans, creates volume and price risks on these quotas (most of which will have charges and fees starting in 2013) for the entire energy sector. This also creates arbitrage and trading opportunities for players such as GDF SUEZ. Approximately 200 of the Group's European sites are subject to this CO_2 quota system.

The Group is working to limit "climate" risks by actively monitoring and diversifying its energy portfolio and by producing low carbon electricity. In the medium term, efforts are focusing on boosting the share of low-carbon energy sources (nuclear, renewables and natural gas) in the total energy mix, improving the capture of biogas from waste storage sites and harnessing the energy produced by incineration, landfills and anaerobic sludge treatment facilities as renewable energy.

In the long term, the Group seeks to diversify its energy sources and is already developing a demonstration program to capture and isolate carbon dioxide emissions so that coal facilities can operate even under a regime of increased carbon restrictions.

These measures to fight climate change and conserve natural resources are described in Section 3.2., "Environmental commitments", of this reference document.

(1) *Water reserve contained in rainfall-dependent dams.*

(2) *The European Union Emission Trading System.*

5.2.5 CHANGES IN THE REGULATORY ENVIRONMENT

The legal and regulatory landscape for the Group's businesses is changing in terms of both environmental issues and energy sector deregulation.

5.2.5.1 Stricter environmental laws

The Group's businesses are subject to a host of laws and regulations that address environmental protection, promote zero or low carbon energy production systems, protect health and develop safety standards. These laws and regulations specifically concern air quality, the promotion of renewable energy, greenhouse gases, waste water treatment, drinking water quality, hazardous and household waste treatment, soil contamination, the management of nuclear facilities, gas transmission networks, storage facilities, LNG terminals, and CO_2 storage facilities.

Changing or tightening regulations could generate additional costs or investments for the Group, which cannot necessarily be covered by additional revenue. If such changes occur, the Group could be forced to terminate an activity without any guarantee that it would be able to offset the cost of such termination. Lastly, regulations imply that both the Group and its customers – particularly local governments that grant concessions to meet compliance requirements – could face greater investments and higher operating expenses.

The European "Climate-Environment" package was adopted in May 2009. This package notes the measures that Member States shall take in order to meet the targets of reducing greenhouse gas emissions by 20% compared to 1990 levels by 2020 and of achieving a European energy mix composed of 20% renewable energy sources by that same year. The package is made up of four pieces of legislation: a directive on promoting renewable energy to be applied in Member States as of 2010; a directive setting forth the rules for the 2013-2020 period of the European Union Emissions Trading System (EU ETS) (the free allocation of allowances will gradually be abolished); a decision regarding the efforts that Member States must undertake to reduce emissions in sectors not covered by the quotas (including transportation, agriculture and construction), as of 2012; and lastly, a directive on promoting CO_2 storage and isolation facilities.

The directive regarding building energy performance was revised, requiring Member States to adopt ambitious plans for energy-efficient, or very low energy-consuming buildings by 2020 or strict energy performance standards for the renovation of new or existing buildings. Some of these measures were discussed, simultaneously, at the Grenelle Environmental Summit in France and will roll out over the same timeframes.

European Union-wide new or newly-implemented regulations in 2009 included one that requires preventive management of chemical risk based on specific relevant texts of the REACH regulations on chemical products, as well as the Biocides Directive (Dir 2009/107). These sectors illustrate the continuing strengthening of environmental laws and the clarification of certain applicable frameworks, such as Directive No. 2009/71/Euratom, which establishes a community-wide framework for the safety of nuclear facilities.

Beyond its contractual precautions, the Group strives to limit all these risks as part of an active environmental policy (see Section 3.2.8. "Active prevention of environmental risks") and by managing an extensive insurance program (see Section 5.6 "Insurance").

5.2.5.2 Activities that require obtaining or renewing permits and authorizations

To engage in its activities (for example, the Seveso concessions and sites), the Group must obtain a number of permits and authorizations. Dealing with the regulatory authorities concerned in or to obtain or renew them can be a long, costly and sometimes, unpredictable process.

Local residents may also object to the installation and operation of certain equipment (including nuclear, thermal and renewable electric plants, LPG terminals, gas storage facilities, waste treatment centers, incinerators and waste water treatment plants). They may claim that such facilities and equipment constitute a nuisance, harm the landscape or have broader environmental impacts. Such objections can make it more difficult for the Group to obtain or renew (in the absence of exclusive rights) these building and operating permits and authorizations or create challenges for them. In this regard, the Group could face procedural challenges initiated by environmental organizations, which may delay its operations or prevent them from expanding.

Lastly, government agencies that issue such licenses and permits may tighten the restrictions associated with them.

Despite the efforts undertaken vis-à-vis stakeholders, as described in Section 3.3.5, "Societal actions related to investment projects", in this Reference Document, if the Group cannot obtain permits and authorizations, cannot obtain them in a timely fashion, cannot renew them, faces challenges or is subject to tightened restrictions, these events could have a negative impact on its activity, financial standing, earnings and growth prospects.

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5.2.5.3 Impact of energy sector regulations on the Group's profitability strategy

Many aspects of the Group's businesses, including electricity production, transmission and distribution, the operation and maintenance of nuclear facilities, the conveyance, distribution and storage of "gaseous" natural gas or liquefied natural gas (LNG), water management and waste collection and treatment, are subject to stringent regulation at the European, national and local levels regarding competition, licenses, permits and authorizations. Regulatory changes may affect the Group's operations, prices, margins, investments and, consequently, its strategy and profitability.

Current regulatory changes and plans at both the European and national levels could have an impact on the GDF SUEZ risk profile.

In the short term, the primary changes involve the adoption of European directives 2009/72/EC and 2009/73/EC, comprising the third package on the internal electricity and gas market. Published on August 14, 2009, they provide for three independent transportation operator regimes: separation of transportation network assets ("ownership unbundling"); independent network operator ("independent system operator"); and, independent transmission operator. Alternate solutions will thus allow Member States, during the transposition expected by March 2011, to dismiss the risk of ownership unbundling while observing the independence of the transport operator. The Group has developed a structure to analyze and monitor the economic and financial impacts of this change in order to limit its impacts, while complying with legislation in effect.

In addition, this "internal market" package grants regulators extensive powers in the competitive arena, increases consumer rights and provides for the creation of the Agency for European Coordination of Regulators.

Moreover, in certain states, and at the European level, a desire for a return to, or the emergence of, state intervention in the energy sector is making itself known via the regulation and extension of market regulators' prerogatives in the area of competition. This may take the form, in particular, of price controls, the continued existence or the intent to reintroduce regulated tariffs for both gas and electricity at levels incompatible with procurement or production costs, discriminatory measures such as "windfall taxes" on energy operators' profits, the ring-fencing of provisions accrued for dismantling nuclear power stations, regulator intervention in the deregulated market to encourage increased competition or the intent to restore control of services to local authorities. Controlling these risks necessarily involves direct negotiation with the states, such as, for example, the agreement the Group signed recently with the Belgian government on extending the life of three nuclear plants.

Despite the monitoring systems established, it is impossible to predict all regulatory changes. However, the Group is diversifying this risk by operating its principal businesses in different countries equipped with their own regulatory systems. Furthermore, and in contrast, some regulatory changes offer new market opportunities for the Group's activities.

The risks arising from the legislative and regulatory framework are also described in the following paragraphs of Chapter 2 of this Reference Document:

- 2.1.1.11 "Regulatory Environment" for the Energy France Business Line;
- 2.1.2 for the Energy Europe & International Business Line (context and data provided by country);
- 2.1.3.6 for exploration and production activities;
- information on the regulatory framework presented by activity in the Infrastructures Business Line: 2.1.4.6 for storage operations in France; 2.1.4.7 for LNG terminal operations; 2.1.4.8 for distribution activities; 2.1.4.9 for transmission activities;
- 2.1.5.7 "Regulatory framework" for the Energy Services Business Line.

5.3 CONSTRAINTS ON THE GDF SUEZ BUSINESS MODEL

5.3.1 SHORT AND LONG-TERM ENERGY PURCHASES

5.3.1.1 Long-term take-or-pay gas procurement contracts with minimum volume commitments

The gas business in Europe operates largely on the basis of long-term "take-or-pay" contracts. According to these contracts, the seller agrees to serve the buyer on a long-term basis, in exchange for a commitment on behalf of the buyer to pay for minimum quantities, whether or not they are delivered. These minimum amounts may vary only partially depending on weather contingencies. These commitments are subject to protective (*force majeure*) and flexibility conditions.

To guarantee availability of the quantities of gas required to supply its customers in future years, a major proportion of the Group's contracts are of the "take-or-pay" type. Regular price revision mechanisms included in long-term contracts to guarantee competitive gas prices to the buyer on the final market. If the purchased gas loses its price competitiveness, GDF SUEZ would only be exposed to the "take-or-pay" risk on the quantities purchased prior to the following price revision.

5.3.1.2 Dependence on a limited number of suppliers in some activities, notably for natural gas purchases

The Group has entered into long-term contracts with its main suppliers, with the assurance of a broadly-diversified portfolio, especially in geographical terms. The Group also benefits from flexibility and modulation (flexibility of long-term contracts, considerable storage and regasification capacity and purchasing on markets). However, if one of the Group's major suppliers were to fail over an extended period of time for any reason (geopolitical, technical or financial), the cost of replacing the gas and transporting it from an alternate location could be substantially higher and would affect the Group's margins, at least over the short term.

In addition, Group companies that manage water treatment plants, thermal power stations or waste treatment plants may depend on a limited number of suppliers for their supplies of water, household waste, various fuels and equipment. For example, the market for turbines and foundry parts for electrical power plants is, by nature, oligopolistic and may at times prove particularly tight.

Any interruption in supplies, any supply delay or any failure to comply with the technical performance guarantee for a piece of equipment, even if caused by a contractual breach on the part of a supplier, could impact the profitability of a project, despite protective contractual provisions put in place.

The variety of the Group's businesses and their diverse geographical locations produce a broad range of situations and provide partial protection against the risk of failure of a major supplier.

5.3.2 IMPORTANCE OF REGULATED MARKET SALES

5.3.2.1 Dependence on a limited number of customers in certain activities, notably electricity sales and water concessions

Whether in the energy or the environmental sector, some of the Group's subsidiaries have signed contracts, particularly with public authorities, where performance may depend on just a few customers or even a single customer. Moreover, these are often long-term contracts, running for up to 30 years or more. This is the case, for example, for delegated water management agreements or certain electricity production and sales activities with medium and long-term purchase agreements ("power purchase agreements") or even for household waste incinerator management contracts.

The refusal or the inability on the part of a customer to meet its long-term contractual commitments, particularly in the area of tariff adjustments, may compromise the economic balance of such contracts and the profitability of any investments the operator may make. If the contracting parties fail to meet their obligations, despite contractual provisions for this purpose, it may not always be possible to obtain full compensation, which could affect the Group's sales and earnings. The Group has encountered such situations in the past, particularly in Argentina.

The variety of the Group's businesses and their diverse geographical locations produce a broad range of situations and types of customers (industrial, local government and individual consumers). The Group believes that no relationship exists binding it to a customer for which termination would have a significant impact on the Group's financial situation and earnings.

5.3.2.2 Authorities' failure to observe the rules for changing regulated, administered or controlled prices

In France, some of the Group's energy and service sales are made in the context of administered prices that are subject to regulations. French laws and regulations, European regulations, and rulings by regulatory bodies (in particular, the Commission for Energy Regulation (CER) decisions regarding access rates to certain infrastructure) may affect the Group's sales, profits or earnings due to:

- the partial impact of procurement, infrastructure and commercial costs on natural gas sales rates;
- consumer protection measures;
- the partial impact of costs on gas infrastructure access rates;
- the implementation of a transitional tariff [*tarif réglementé transitoire d'ajustement de marché*].

The public service contract signed on December 23, 2009 in France defines the overall framework for setting and changing gas tariffs. This mechanism improves transparency with regard to the conditions under which regulated tariffs are changed and determines the various players' rules and responsibilities for the 2010-2013 period.

Adjustments to the organization of the electricity market are planned for 2010, in follow-up to the 2009 publication of the Champsaur report. The impacts, on the Group, of changes will depend on the provisions adopted, but should allow its electricity sales to grow in France.

Administered prices also affect the distribution and sale of energy to consumers and industrial customers in other countries, including Italy, Hungary, Romania, Slovakia and Mexico.

5.3.3 DEVELOPMENT MAINLY IN EUROPE, BUT ALSO IN OTHER COUNTRIES AROUND THE WORLD

5.3.3.1 Gas supply in countries with higher political and economic risk profiles than domestic markets

Although the Group's activities are concentrated mainly in Europe and North America, which together accounted for 92% of consolidated revenues and 88% of capital employed for industrial purposes in 2009, the Group also conducts business on worldwide markets, specifically in emerging countries such as Brazil and China. In the same vein, a significant share of gas supplies and exploration-production business comes from countries such as Russia, Algeria, Egypt, Libya or Yemen.

The Group's activities in these countries entail a certain number of potential risks, particularly in the areas of GDP volatility, economic and governmental instability, changes to or the imperfect application of regulations, nationalization or expropriation of privately-owned assets, payment difficulties, social unrest, corruption, human rights violations, major interest rate and exchange rate fluctuations (rampant or severe devaluation), taxes or similar withholding by governments and local authorities, exchange control measures and other unfavorable interventions or restrictions imposed by governments. In addition, the Group could be unable to defend its rights before the courts in these countries in the event of a dispute with the government or other local public entities.

The Group manages these risks within partnerships or contractual negotiations adapted to each location. It chooses its locations in emerging countries by applying a selective strategy on the basis of an in-depth analysis of country risks. Whenever possible, the Group protects its interests by way of international arbitration clauses and political risks insurance.

5.3.3.2 Risks affecting external growth operations

External expansion, notably by means of acquisitions, could lead the Group to issue equity securities, borrow or record provisions for impairment of assets. Acquisitions also present risks relative to integration difficulties, failure to achieve expected benefits and synergies, involvement of managers of acquired companies and departure of key employees. Moreover, in the context of joint companies in which it has an equity holding, the Group may find itself in a conflict of interest or conflict of strategy with its partners which, in some cases, hold the majority interest in these ventures. Risks linked to the valuation of liabilities or expected earnings could arise at the end of the acquisition process.

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5.3.3.3 Risks affecting organic growth transactions and major projects

The Group is basing its growth on various major industrial asset construction projects, such as gas and electricity plants and waste treatment or seawater desalination facilities. In 2009, it was chosen to partner with EDF and Total to build the second EPR-type nuclear reactor in Penly, France.

The service life of such assets lasts several decades and their profitability depends greatly on cost control and construction times, operational performance, and changes in the long-term competitive environment, which could reduce the profitability of certain assets or result in lost revenues and asset impairment charges.

5.3.3.4 Risk affecting development due to reciprocity issues

For reasons of reciprocity, some EU member States may introduce provisions to prohibit companies such as GDF SUEZ and its subsidiaries from participating, under certain conditions, in calls for tenders for the granting of gas or water distribution or local public utility concession contracts.

5.3.3.5 Risks of termination of some partnerships formed by the Group

The Group develops its operations in partnership with local authorities or private local operators.

These partnerships constitute one of the ways in which the Group can share the economic and financial risks inherent to some major projects, by limiting its capital employed and allowing it to adapt more appropriately to the specific context of local markets. In addition, the local regulatory environment may require such partnerships. Partial loss of operational control is often the price that must be paid to reduce exposure in terms of capital employed, but this situation is managed contractually on a case-by-case basis.

However, any change in the project, a partner's economic standing or strategy or even in the local political and economic context may lead to termination of a partnership, notably through the exercise of put or call options on partnership units among the partners, a request by one partner to dissolve the joint venture or the exercise of a preemption right.

In such situations, the Group may also to decide to increase its financial commitments to certain projects or, in the case of a dispute with the partner or partners, to seek solutions before competent courts or arbitration bodies.

5.3.3.6 Risks related to design and construction activities

In the areas of energy, services and the environment, the Group works on the facility design and construction phases, in particular through specialized subsidiaries such as Tractebel Engineering and Degrémont.

Although these projects are always subject to in-depth studies and the Group benefits from acknowledged expertise, construction deadlines may not always be met. Consequently, penalties may be imposed on the Group, construction costs may be higher than anticipated, the facilities' performance may not comply with the specifications and subsequent accidents may trigger the Group's liability. Such events could have a negative impact on its image, financial situation, earnings and outlook.

5.4 INDUSTRIAL SAFETY AT THE HEART OF GDF SUEZ'S ACTIVITY

The industrial safety of the facilities that the Group operates remains one of its major concerns.

The areas of activity in which the Group operates entail major industrial risks capable of causing damage to property and persons (including employees, subcontractors, neighboring residents, consumers and third parties), exposing it to claims for civil, criminal and environmental liability. These risks may concern facilities belonging to the Group or managed by the Group on behalf of third parties (manufacturers, local authorities). These risks are the subject of in-depth monitoring and special investments.

The Group has focused additional attention on the issue of damage by third parties (for example, a public works company) to underground natural gas transmission and distribution networks (damage to a pipeline caused by a mechanical shovel, creating a risk of explosion).

For the most part, these risks are covered by insurance policies, notably in the area of the Group's civil liability coverage. However, in the event of a major claim, given certain limitations, these policies could prove insufficient to cover all liabilities incurred, lost revenues and increased expenses (see Section 5.6 "Insurance").

5.4.1 ACTIVITIES THAT COULD CAUSE INDUSTRIAL ACCIDENTS OR INTERRUPTIONS IN SERVICE TO CUSTOMERS

The Group manages its industrial activities within a regulatory framework that includes safety rules as part of infrastructure operating procedures. However, sustained vigilance in the design, building and operation of its projects cannot prevent all industrial accidents that might interrupt the Group's activities, result in loss of life and financial losses or create significant liability.

Risks exist in relation to operating gas transportation, distribution and storage systems, exploration-production facilities, LNG tankers, regasification facilities, electrical power plants, cogeneration and energy service facilities, waste incineration plants, water networks and water purification facilities. Risks include operating incidents, design flaws or external events beyond the Group's control (including third-party actions and landslides). These incidents can cause injuries, loss of life, major property or environmental damage, as well as activity interruptions and operating losses.

These risks are controlled by implementing a safety management system at each site based on the principle of continuous improvement, which is intended to reduce the level of residual risk by responding to the highest risks on a priority basis. The Group's Health, Safety and Management Systems Department implements and coordinates a monitoring process based on an internal standard. It covers approximately forty sites or subsidiaries annually, across all business lines, and is audited regularly.

A variety of events - the unavailability of a major structure such as an LNG terminal or storage facility, a sustained political crisis between production and transit countries, loss of control of manufacturing resources or a bottleneck due to changes in gas movement schedules or natural disasters (earthquake, volcanic activity, flood) - could halt gas deliveries over a wide geographic area, resulting in lost revenues, concomitant claims for compensation, negative impacts on the Group's image and/or breaches to a public service obligation. This type of risk also exists, to varying degrees, in the electricity and water supply activities.

5.4.2 FACILITIES AT RISK OF POLLUTING THE SURROUNDING ENVIRONMENT

Facilities that the Group owns or manages on behalf of third parties entail risks of damage to the natural environment (air, water and soil), and may pose health risks to consumers, neighboring residents, employees and subcontractors.

These health and environmental risks are governed by strict national and international regulations and are subject to regular inspections by Group staff, outside auditors and public officials. Changes to regulations that address both environmental responsibility and environmental liabilities may constitute a risk in terms of assessing the company's vulnerability related to its activities. This vulnerability is assessed for older facilities (such as closed landfills or decommissioned gas plants) as well as for sites currently in operation (on this issue, see Section 3.2.8.2. "Former industrial sites", in this Reference Document). It may also concern damage caused to or attacks on habitat and biodiversity.

In the course of its operations, the Group handles and even generates hazardous products and sub-products. This is the case, for example, with fissile material, fuels and some chemical products used especially for water treatment. In the area of waste management, some of the Group's facilities specialize in treating hazardous industrial or medical waste that may be of a toxic or infectious nature.

Depending on the activities, gaseous emissions and atmospheric pollutants to be considered are greenhouse gases, gases that stimulate air acidification, toxic gases (including chlorine), dust and bacteria (including Legionnaires' disease bacteria).

In the absence of adequate facilities management, the Group's activities may have an impact on water present in the natural environment: leaching from poorly-controlled landfill facilities, diffusion of heavy metals into the environment or watery wastes from treating steam produced by incineration facilities. These various emissions could pollute water tables or waterways. Risks may also relate to soil pollution in cases of accidental spills resulting from the storage of hazardous products or liquids, leaks in processes involving hazardous liquids, and from the storage and spreading of treatment sludge.

Various mechanisms are deployed to ensure control of the above-mentioned risks. The laws and contracts governing the Group's operations define the sharing of responsibilities in terms of risk management and financial liabilities, but the failure to comply with standards may lead to contractual financial penalties or fines.

Accrued provisions and insured or guaranteed amounts may prove insufficient in the event of environmental liability claims against the Group, given the uncertainties inherent in forecasting expenses and liabilities associated with health, safety and the environment.

Consequently, if the Group should be liable due to environmental and industrial risks, that liability could have a significant negative impact on its image, business, financial situation, earnings and outlook.

5.4.3 OPERATION OF INDUSTRIAL FACILITIES CLASSIFIED AS "HIGH-THRESHOLD SEVESO SITES" IN EUROPE

The Group operates a variety of high-threshold Seveso sites (or considered as such by the Group), including LNG terminals, underground natural gas storage facilities, LPG (liquefied petroleum gas) stations, thermal power plants, and hazardous waste treatment centers.

Each site that operates a facility of this type has defined and implemented a safety management system that complies with European Directive 96/82/CE[1], known as "SEVESO II" for high-threshold Seveso sites, and with the Group's Health and Safety Policy. Specifically, these systems cover the identification and evaluation of industrial risks (hazard studies), change management, the development of emergency plans, monitoring of industrial safety performance, inspections and continuous improvement.

Each subsidiary is responsible for a management system certification or evaluation policy, based on a standard such as:

- ISRS (DNV standard) for LNG terminals in France and underground natural gas storage facilities in France;
- OHSAS 18001 for storage in Romania and for the thermal plant in Dunamenti;
- Bauer und Umwelt e.v. for the polluted soil treatment plant in Herne.

In addition to the "high-threshold" Seveso sites identified as such in Europe, the Group operates other hazardous industrial sites where it seeks to apply the same high-level industrial safety standards. In this context, the Group conducts periodic inspections and audits to ensure that these obligations are implemented.

Third-party civil liability risks resulting from the operation of Seveso or equivalent sites are covered by the Group general insurance program for civil liability, as noted in Section 5.6 of this chapter.

The Group believes that no reasonably-foreseeable cost or commitment regarding the points mentioned above will have significant repercussions on its consolidated financial situation, cash flow and earnings. However, it is impossible to guarantee that such costs or commitments could have negative consequences for the Group in the long term.

5.4.4 OPERATION OF SEVERAL NUCLEAR PLANTS IN BELGIUM

The Group owns and operates two nuclear power plants in Belgium at Doel and Tihange. These sites have operated since 1975 without any incidents resulting in danger to employees, subcontractors, the general population or the environment. However, this type of activity could present civil liability risks for the Group.

The personnel responsible for operations at the sites hold special certifications obtained upon completing a specific theoretical and practical training program, including exercises on a simulator. Compliance with safety rules and conditions at the facilities are subject to inspections by an independent agency (Bel V) and by a government agency responsible for nuclear safety (AFCN).

To maintain a high level of safety, nuclear plant operators exchange experiences at the international level and submit to audits by the World Association of Nuclear Operators (WANO) or the International Atomic Energy Agency (IAEA). In 2007, a team of 15 IAEA experts conducted an in-depth audit of the safety procedures and systems in place at the Tihange plant. This audit, known as OSART (Operational Safety Review Team), reached a positive conclusion with regard to safety levels of the Tihange plant and was confirmed by follow-up audit in late 2008. Its scores were among the highest internationally. The Doel plant will undergo the same audit in March 2010. This assessment by an independent international authority underscores the priority that the Group assigns to safety at its nuclear plants. In addition, all nuclear sites are OHSAS 18001, ISO 14001 and EMAS-certified. The Group regularly monitors and reduces the volume of low- and medium-radiation level waste produced during operations. All nuclear waste management is under the responsibility of the Belgium public agency, the National Agency for Radioactive Waste

(1) *Directive 96/82/EC known as "SEVESO II" as amended by Regulation EC No. 1882/2003 and Directive 2003/105/EC.*

and Enriched Fissile Material (ONDRAF). This is true also for the vitrified waste coming from spent fuel reprocessing programs operated at the Areva NC site in The Hague. Spent nuclear fuel is stored at electricity production sites pending a political decision on the fuel cycle downstream process (recycling or not).

Costs associated with the management of spent fuel are included in the costs of electricity production from nuclear sources and are the subject of provisions (see Note 17.2.3 in Chapter 11.2 of this Reference Document). In addition, the Group accrues other provisions for facilities dismantling costs (see Note 17.2.2 in Chapter 11.2 of this Reference Document). The Belgian Law of April 11, 2003 clearly defines the rules for using and monitoring the amounts provisioned for the Belgian plants.

Under an October 22, 2009 agreement between the Belgian government and GDF SUEZ, the provisions of Belgian law on phasing-out nuclear energy for electricity production, adopted in January 2003, were suspended for the three oldest units (Doel 1/2 and Tihange 1), which may continue to operate until 2025, rather than, 2015 at the conclusion of safety inspections. In addition, the Group is bidding to build and operate new nuclear plants within and outside of Europe.

5.4.5 RISKS SPECIFIC TO HYDROCARBON EXPLORATION-PRODUCTION ACTIVITIES

Exploration-production activities require high investments and are exposed to particular economic risks and opportunities, including the difficulties associated with the specifics of subsoil and the characteristics of hydrocarbons, as well as the impact of local taxes.

Geological risks are among the most significant for exploration-production. To reduce their impact, the Group carries out its activities as part of a consortium in which it can act as an operator or just a partner.

5.5 THE GDF SUEZ ORGANIZATION IN THE FACE OF CROSS-GROUP RISKS

5.5.1 ETHICAL AND COMPLIANCE RISKS

Certain acts perpetrated by an individual or in collusion with others in violation of the Group's rules and codes of conduct could have a severe impact on business continuity

The regulatory agencies with jurisdiction have broad prerogatives and powers in the area of energy and environmental services, which cover issues related to ethics, money laundering, respect for personal privacy, data protection, and the fight against corruption. Furthermore, it is difficult to predict the effective date or the form of new regulations or enforcement measures. As mentioned in Section 5.2.5. of this Reference Document, any change to current energy and environmental protection regulations could have a significant impact on the Group's activities, its products and services, and the value of its assets. If the Group does not succeed, or appears not to succeed, in complying satisfactorily with such changes or enforcement measures, its reputation could be affected and the Group could be exposed to additional legal risks. This could result in an increase in the amount and number of claims and applications for compensation filed against the Group and expose it to compulsory enforcement measures, fines and penalties.

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Despite the Group's efforts to comply with applicable regulations, many risks remain, due mainly to the imprecise drafting of certain regulatory provisions, the fact that regulatory agencies can change their application instructions, and the possibility that legal rulings may be overturned. Regulatory agencies and legal bodies have the power to initiate administrative or legal proceedings against the Group which could result, in particular, in the suspension or revocation of one or more permits or authorizations held by the Group, injunctions to cease or desist from certain activities, fines, civil penalties, criminal convictions or disciplinary sanctions, which could unfavorably and significantly affect the Group's activities, image and financial situation.

GDF SUEZ's goal in this area is to act, everywhere and in all circumstances, in accordance with its values and commitments and to comply with laws and regulations. To achieve this goal, the Group continues to implement an ethics and compliance system (specifically, the whistle-blowing tool) and has mapped ethical risks as part of the Group's risk management procedure (ERM). Despite this system, isolated acts by employees, agents or representatives that violate the Group's principles could expose it to criminal and civil penalties and to loss of reputation.

5.5.2 LEGAL RISKS

The Group faces legal risks in all its businesses and on its world markets

Legal risks arising from the legal and regulatory context, operational activities, partnerships in place and contracts entered into with customers and suppliers are referred in the respective sections of Chapter 5.

Major lawsuits and arbitrations to which the Group is a party are described in Section 10.2 of this Reference Document.

5.5.3 RISKS RELATED TO HUMAN RESOURCES

5.5.3.1 Expertise

The Group conducts its activities across a broad spectrum of businesses that call for a wide variety of skills. The aging of the population affects the Group in general and several of its areas of technical expertise in specific. Major skills renewal will be necessary in the coming years. To prevent the loss of key skills, the Group is acting in anticipation of labor shortages in certain activities. To enhance its appeal as an employer and build employee loyalty, the GDF SUEZ Group is deploying targeted policies, developing transversal mobility and the benefits of belonging to a Group, and implementing appropriate recognition systems.

In addition, the Group's international growth has impacts in terms of changes in activities that call for new expertise and considerable personnel mobility, particularly among managers. To mitigate this risk, the Group assigns special value to international experience and is working to strengthen mobility as a professional development factor and a way to address skills needs.

5.5.3.2 Labor relations

Changes in the Group, government reforms and the recession have produced labor movements that could emerge again in the future.

As a result of the merger, the Group launched new collective bargaining negotiations at a time of major financial and economic crisis. Simultaneously, integration of the Gaz de France and SUEZ groups is moving forward, with regard to both employees and trade union organizations.

By moving quickly to negotiate the formation of the European Works Council (EWC) and the GDF SUEZ Group Committee/France, the Group gave substance to the labor/management consultations. The EWC negotiations ensured balanced representation across countries and the Group's major business units and to develop labor/management dialogue by activity and on cross-cutting issues. These two mechanisms have been in place since mid-2009.

At the same time, the Group has continued to express its commitment to social dialogue, both with regard to organizational restructuring projects and to the conditions for integrating and providing social support to employees within the new Group. Examples include the collective pension savings plan in France, PERCO (*Plan d'Épargne Retraite Collectif*) and the agreement

regarding the employment of older workers. Within GDF SUEZ SA, the French trade unions (CFDT, CGT, CFE-CGC and CGT-FO) signed an employment agreement on employee guarantees, which establishes a support system for employees who, as part of the merger, could be required to change position, residence, and/or workplace without moving residence.

If negotiations were to stall, if demands related to the erosion of purchasing power were to mount in the current economic crisis or if a wider-ranging labor conflict were to develop, the company's labor relations climate could deteriorate, with a negative impact on productivity at certain sites and, thus, on the Group's results.

5.5.4 RISKS RELATED TO HEALTH AND SAFETY AND PROTECTION OF CORPORATE ASSETS

5.5.4.1 Workplace health and safety

In terms of workplace safety, the Group has invested in resources that will continue to drive down the number of workplace accidents

The Group's entities and subsidiaries implement prevention and protection measures that ensure their employees' and subcontractors' health and safety at the various worksites (for example, the accident prevention plan).

GDF SUEZ is also firmly committed to reducing workplace accidents, thus continuing the marked downward trend in the number of accidents noted in recent years.

Addressing the risk of death at the workplace is part of the overall system for controlling the risk of occupational accidents. The measures include the analysis of fatal accidents for which the Group has been found liable by a committee established to review serious accidents (*Commission des Examens des Accidents Graves*, CEAG).

Prevention measures limit the impacts of a health crisis on the health of employees and subcontractors

A risk of interruption of services provided by the Group during a widespread health crisis (for example, a flu pandemic) has been identified. The limited severity of the 2009 flu pandemic provided the Group an opportunity to update plans for handling this risk (see Section 5.5.6. "Crisis management")

New measures have been added to the system for managing workplace health and safety risks

Each business line examines the result of the evaluation of these risks as part of an annual management health and safety review. In addition, a 2010-2015 Health and Safety Action Plan prepared in 2009 will be the basis for developing the policy's key principles.

5.5.4.2 Employee security

The global economic crisis could worsen an already-tense security situation, marked by acts of terrorism, radical movements, armed conflicts, and organized crime.

In addition, case law holds that risks associated with terrorism, for example, cannot be considered as cases of *force majeure* given that an employer is (or should be) aware of the dangers facing its employees in at-risk areas.

Employee security systems rely on coordinating and centralizing security measures on behalf of the Group's expatriate and seconded employees in addressing the full range of threats they may face. This mission is the responsibility of the Security Department, which operates as part of the international GDF SUEZ Security Network (GSSN) and includes the head office, the business lines and business units. To carry out its mission, this department may rely on specialized external suppliers both in the health and security sectors. The Group also has monitoring capabilities and is prepared to act in response to unconventional situations and handle potential repatriations. The Group has also developed close ties with relevant government agencies, including Ministries of Foreign Affairs and Defense. Lastly, in addition to maintaining a "country watch list", the Group participates in the recognized professional organizations, such the CINDEX (*Centre Interprofessionnel de l'Expatriation*) and the CDSE (*Club des Directeurs Sécurité des Entreprises*).

5.5.4.3 Corporate asset protection

The Group implements measures to protect tangible and intangible corporate assets

The tangible and intangible corporate asset protection policy, prepared under the guidance of the Health, Security and Management Systems Department (D3SM), is in the final validation stage and includes a 2010-2013 action plan.

Sensitive sites where tangible corporate assets are located are subject to special protection measures. The recent emergence of transnational risks relative to terrorist activities and armed conflicts, for example, has led the Group to develop site-specific measures to protect its sensitive sites from potential malicious acts.

In the context of the Decree of February 23, 2006 concerning the security of activities of vital importance, the Group's operator security plan was validated on October 16, 2009, in its capacity as an operator of vital importance pursuant to the National Security Directive for Energy. This plan set forth the Group's items of vital importance, which will be addressed in specific plans in 2010

intended to implement procedures and *ad hoc* protocols to address any large-scale threat and, specifically, a terrorist threat. Similar provisions were adopted throughout Europe with Council Directive 2008/114 of December 8, 2008, which "involves the identification and designation of critical European infrastructure and the evaluation of the need to improve their protection". The Group is involved in the work conducted by the Ministry of Ecology, Energy, Sustainable Development and Maritime Affairs (MEEDDM).

The Group continues to invest in protecting intangible corporate assets

The purpose of intangible corporate asset protection is to cover risks to sensitive information relative to the Group's activities in terms of untimely public disclosure, theft, malicious acts, corruption, industrial espionage and piracy.

The risk of public disclosure of sensitive information increased after 2008 given the vulnerability of new information systems created as a result of the merger, although the Information Systems Department established a global information system security control policy.

A specific functional unit dedicated to intangible asset protection has created an information classification system, which has been provided available to the entities. An awareness and continuing education program for internal actors is in development.

5.5.5 RISKS RELATED TO INFORMATION SYSTEMS

Information systems (IS) are critically important in supporting all the processes related to the Group's activities. As they are increasingly interconnected and cross-cutting among activities, their failure could result in loss of business or data and violations of confidentiality.

Following the merger, an integration project was launched to streamline IS infrastructure and gradually eliminate the weak points that their interconnection may have introduced.

In addition, a plan for continuous security improvements was implemented and security management was strengthened with the implementation of an IS Security Management System.

5.5.6 CRISIS MANAGEMENT

The Group has established its own crisis management and communication system, incorporating the various kinds of crises (including industrial, human, media, financial and image.) that could affect the Group. A crisis management contacts unit has been set up for the new Group. Cooperation among this unit, operating and other functional units and, in particular, those responsible for communications, has been improved.

The Group entities' Business Continuity Plans have been updated. This system has been improved through the use of exercises and feedback.

A monitoring and information exchange group was set up during the 2009 flu pandemic. Internal medical experts were actively involved to help evaluate the health situation and identify appropriate precautionary and preventive measures. Many employee memorandums and a specific management guidebook were prepared.

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5.6 INSURANCE

The GDF SUEZ Insurance Department, whose management directs the internal network of experts, is composed of business line teams and a central team whose members exercise a dual responsibility. First, in the insurance fields of corporate asset protection (property damage and loss of profits), employee benefits, liability, automobile insurance and accident prevention, they are responsible for developing, implementing and managing transversal programs. Second, as business line insurance managers, they are also responsible for managing the programs and coverages specific to their business line.

For each of these fields:

- severity risks continue to be transferred to the insurance market as often as possible;
- the rationalization of the financing of low or moderate-level hazard risks is based largely on self-insurance plans, either directly through deductibles and retentions, or indirectly through the use of consolidated captive reinsurance tools. Those commitments range from €500,000 to €25 million per claim, which on a cumulative basis represents a maximum loss of approximately 1% of the Group's 2008 revenues.

The annual premium volumes (all taxes included) for fiscal year 2008 for the primary risk transfer programs implemented by the Group in the areas of (A) corporate asset protection (property damage and operating losses) and (B) third-party claims (liability) were, respectively, approximately 0.20% and approximately 0.07% of the Group's 2008 revenues.

However, the Group could, in certain cases, be required to pay out sizeable compensation that the current insurance program does not cover or could incur very high costs that its insurance policies do not reimburse or reimburse inadequately. Although the Group has excellent insurance coverage, specifically with regard to civil liability and environmental risks, it could be liable beyond the maximum insured amount or for events not covered (specifically due to the common insurance exclusions).

5.6.1 MAIN INSURANCE PROGRAMS

5.6.1.1 Civil liability

- A D&O (Directors & Officers) Liability program covering the representatives of GDF SUEZ, its subsidiaries and Group representatives within its equity holdings.
- A general civil liability program (including for environmental damage) has been taken out for all the Group's business lines in a total amount of €800 million, all damages combined. This program operates either at the first Euro or in excess of the underlying coverage taken out by certain business lines (usually with a capacity of €50 million).

5.6.1.2 Nuclear liability

As an operator of nuclear power plants in Doel and Tihange (Belgium), Electrabel's nuclear operator's liability is governed by the Paris and Brussels Conventions. They established a unique system that departs from common law to ensure that victims receive compensation and to encourage solidarity among European countries.

This liability falls exclusively on the operator of the facility where the nuclear accident occurs. In exchange for this strictly objective liability, the amount of compensation is capped per accident and establishes a 10-year statute of limitations. The signatory states to the conventions created a mechanism that provides additional compensation, beyond this maximum amount.

The Belgian national law of ratification requires the operator to provide a financial guarantee or take out a civil liability insurance policy. Electrabel's insurance program satisfies this requirement.

5.6.1.3 Property damage

The Group's business lines have property insurance covering the facilities that they own, lease or manage on behalf of third parties. However, pipeline transmission and distribution networks are generally excluded from this coverage.

The main programs provide coverage based either on total reported value or on contractual limits per loss event. In the latter case, the limits are set on the basis of major scenarios in accordance with insurance market rules and may reach $2 billion.

Insurance covering business interruption and additional operating costs is subscribed on a case-by-base basis, based on each risk analysis and in consideration of existing assistance plans.

Construction projects are covered by "Erection All Risks" programs taken out by the project owner, project manager or lead company.

Exploration-production activity, which is carried out primarily off-shore, is covered by a specific insurance program tailored to this sector's risks and in accordance with its practices.

5.6.1.4 Marine liability

An insurance contract covers LNG transportation by gas tanker, limited to €40 million per shipment.

Marine insurance contracts cover liability as ship owner (limited to $5 billion, except for war risk limited to $500 million and pollution risk limited to $1 billion) or as charterer (limited to $750 million). Damage to ships is covered up to their agreed value.

5.6.1.5 Employee protection programs

The operational entities develop programs covering employees against the risk of accidents and medical expenses, in accordance with legislation in effect and pursuant to company agreements.

6

MANAGEMENT REPORT

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6.1 MANAGEMENT REPORT

Income statement and cash flow data for the year ended December 31, 2008 are based on unaudited pro forma financial information prepared as though the merger between Gaz de France and SUEZ had taken place on January 1, 2008. The pro forma information and the basis for preparing said information are presented in section 20.4 of the 2008 Reference Document.

The Group's businesses held firm in 2009, despite unfavorable trends in commodity prices and the impacts of the global economic crisis, which hit the Energy Services business line and SUEZ Environnement particularly hard. Operating indicators delivered a modest improvement, due mainly to record results for the year to December 31, 2008, serving as the Group's comparative period.

EBITDA edged up 0.9% to over €14 billion, reflecting the Group's resilience in the face of a very challenging economic environment, unfavorable trends in energy prices and a particularly warm year (5.1 TWh) in France. This performance was achieved primarily thanks to the Efficio cost cutting program rolled out by the Group.

Excluding the impact of remedies, net income Group share remained stable year-on-year, at €4,477 million. The Group's robust operating momentum and the capital gains recorded in 2009 partially offset the negative impact of changes in the fair value of commodity derivatives compared to 2008.

Including the amount paid to settle the E.ON/GDF SUEZ case, cash generated from operations before income tax came in at €13,016 million, down 2.0% on 2008. Free cash flow[1], after interest on borrowings and income tax, leapt 127% to €9,643 million for the year, buoyed by a sharp improvement in working capital requirements.

Net debt remained under €30 billion, at €29,967 million, despite the Group's ongoing growth push, with total investments of €11.2 billion for the year (maintenance, development and acquisitions).

6.1.1 REVENUE AND EARNINGS TRENDS

2008 pro forma data, in millions of euros	2009	2008	% change (reported basis)
Revenues	**79,908**	**83,053**	**-3.8%**
EBITDA	**14,012**	**13,886**	**0.9%**
Depreciation, amortization and provisions	(5,183)	(4,885)	
Net disbursements under concession contracts	(263)	(241)	
Share-based payment	(218)	(199)	
CURRENT OPERATING INCOME	**8,347**	**8,561**	**-2.5%**

Revenues for the Group came in at €79,908 million for 2009, down 3.8% on 2008. On an organic basis (excluding changes in exchange rates and Group structure), revenues fell 5.3% over the year.

Changes in Group structure had a positive impact of €1,670 million.

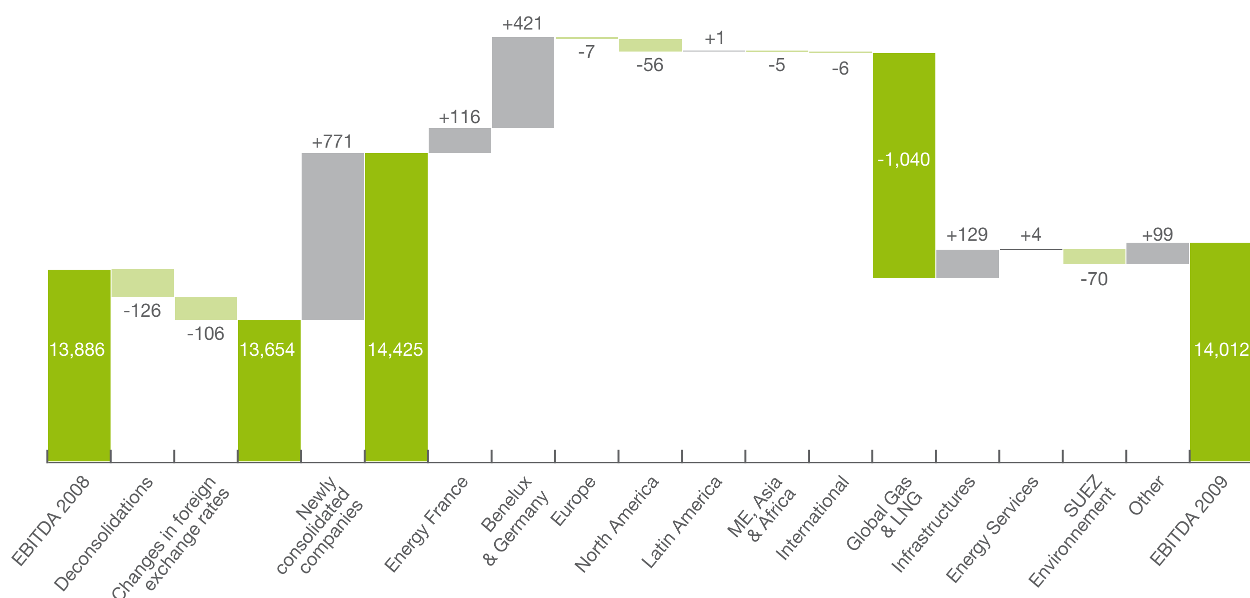
- Additions to the scope of the consolidation in the year added €2,411 million to revenues, mainly in Energy Benelux & Germany (Stadtwerke Wuppertal), Energy Europe (the first drawings on virtual power plant capacity (VPP) in Italy; acquisitions of Izgaz, Elettrogreen and Teesside; change in the consolidation method applied to Reti), Energy North America (acquisition of FirstLight in 2008) and Energy Middle East, Asia & Africa (acquisition of Senoko in 2008), and in the Global Gas & LNG business line (integration of NAM/NOGAT E&P assets).
- Departures from the scope of consolidation had a negative impact of €741 million and essentially concerned the sale of distribution activities in the Walloon region of Belgium and the sale of nuclear capacity to SPE as part of the Pax Electrica II agreement.

(1) Cash flow from operations adjusted for changes in working capital requirements, net interest and income tax paid, and maintenance investments.

Exchange rate fluctuations had a negative €494 million impact, mainly related to the fall in the pound sterling, Romanian leu and Hungarian forint, partially offset by a stronger US dollar.

While the Infrastructures business line (up 16.4%) reported an advance in sales on behalf of third parties and benefited from rate increases throughout the year, Energy France (down 3.9%), Energy Europe & International (down 9.3%), and Global Gas & LNG (down 4.1%) all saw revenues squeezed by the dip in prices and by adverse volume trends. The Energy Services business line (down 3.4%) posted a slight drop in revenues, dragged down by its service, installations and maintenance activities. In contrast, its engineering activities reported further growth gains. Revenues for SUEZ Environnement (down 1.8%) remained stable on the whole, with advances in its Water Europe and International divisions. However, the business line had to contend with difficult business conditions, particularly a decline in volumes of waste produced by customers and decreasing prices for recovered secondary raw materials.

EBITDA inched up 0.9% to €14,012 million. Stripping out the impact of changes in exchange rates and Group structure, EBITDA was down 3.0%.



Changes in Group structure had a positive net impact of €645 million.

- Additions to the scope of consolidation in 2009 added €771 million to EBITDA, and mainly concerned Global Gas & LNG (impact of the acquisition of NAM/NOGAT assets in the Netherlands), Energy Europe and International (full consolidation of Reti, impact of Teesside and start-up of virtual power plant capacity in Italy, FirstLight).
- Departures from the scope of consolidation had a negative impact of €126 million, and chiefly concerned the impacts of the sale on a joint ownership basis of 250 MW in nuclear capacity to SPE as part of the Pax Electrica II agreement.

Negative exchange rate impacts of €106 million stem from the same factors as those described above for revenues.

EBITDA shed €414 million or 3% on an organic basis:

- the Energy France business are (up 45.3%) was boosted by fewer negative impacts resulting from inadequate rises in public gas distribution rates. However, mild weather in 2009 dented sales of gas, while both prices and volumes (decline in hydro conditions) took their toll on CNR;
- the Benelux & Germany business area (up 25.8%) also delivered robust growth, thanks to the knock-on effect of favorable price trends linked to electricity hedging strategies, as well as a large increase in capacity availability at nuclear plants in Belgium (87.6% versus 84.8% in 2008);
- the Energy Europe business area (down 0.9%) remained stable, although performances varied considerably across each region. Both Spain (sluggish electricity production) and the United Kingdom (fall in prices and technical incidents in first-quarter 2009) weighed on performance in Western Europe. Despite new assets commissioned (Napoli and Monte Della Difesa), EBITDA in Italy also contracted, hit by the combined impact of low prices, a decline in volumes, a downturn in business and various technical incidents. In contrast, Central and Eastern Europe advanced thanks to a focus on more profitable customer segments, a rise in regulated revenues and a fall in procurement costs;
- the North American business area (down 9.1%) was hit by smaller margins on LNG activities after taking into account financial instruments hedging reflecting price cuts. This was partly offset by an improvement in electricity production and sales activities, spurred by a favorable dynamic hedging strategy;

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- EBITDA for the Latin American business area remained stable. In Brazil, there was no recurrence of the exceptionally high spot prices observed in first-quarter 2008. However, this was partially countered by margin growth and improved hydro conditions. In Peru and Chile, a number of factors such as contract renegotiations and an improvement in procurement conditions helped offset the disappearance of the exceptional pricing environment observed in 2008;
- EBITDA for the Middle East, Asia and Africa business area also remained stable (down 1.6%) despite lower regional demand, shored up by contractual business and returns on project developments in the Middle East;
- Global Gas & LNG reported a 28.5% fall in EBITDA on the back of falling oil and gas prices. This was despite exceptional arbitrage gains and a general improvement in procurement conditions;
- the Infrastructures business line (up 4.5%) was boosted by rate increases in the second half of 2008 (distribution) and in 2009 (transport, storage and distribution). These were partially offset by unfavorable climatic conditions;
- EBITDA for Energy Services remained stable (up 0.5%), reflecting its ability to perform despite a dismal economic climate;
- SUEZ Environnement (down 3.4%) saw a slowdown in the European Waste Services sector despite the positive impact of the Compass plan[1] launched in 2008. The Water Europe and International activities continued on an upward trend.

Current operating income came in at €8,347 million, down 2.5% or 4.9% stripping out the impact of changes in exchange rates and Group structure. The fall in this indicator outpaced the decline in EBITDA, reflecting mainly the increase in net depreciation, amortization and provision expense, additions to the scope of consolidation and the commissioning of new facilities during the period, and to a lesser extent, a rise in expenses relating to employee free share awards.

6.1.2 BUSINESS TRENDS

6.1.2.1 Energy France

2008 pro forma data, in millions of euros	2009	2008	% change (reported basis)
Revenues	13,954	14,500	-3.8%
EBITDA (a)	366	253	44.7%
Depreciation, amortization and provisions (b)	(75)	(156)	
Share-based payment (c)	(4)	(1)	
CURRENT OPERATING INCOME = A + B + C	288	96	200.0%

- VOLUMES SOLD

In TWh	2009	2008	% change
Gas sales	274	294	-6.8 %
Electricity sales	34.1	31.8	+7.2 %

- CLIMATE CORRECTION – FRANCE

In TWh	2009	2008	Change
Climate correction volume (negative sign = warm climate, positive sign = cold climate)	-4.3	+0.4	-4.7 TWh

(1) SUEZ Environnement performance optimization program.

As of end December 2009, Energy France contributed **revenues** of €13,954 million, down 3.8% on 2008.

Revenue based on average weather conditions for the period declined by 2.5% and is accounted for by the fall in natural gas sales linked to the deregulation of retail markets. The price impact on electricity remains low, despite a decrease in average baseload sales prices of 37% in 2009, due to hedging policies. In 2009, changes in the price of natural gas generated a limited, but favorable, price impact.

Other factors stem from changes in Group structure to partner the Group's expansion into energy services for individual customers (Energia and Clipsol).

Natural gas sales totaled 274 TWh, down 5% based on average weather conditions year-on-year, in line with the loss of parts of the business market. Nevertheless, GDF SUEZ continues to hold around 91% of the retail customer market and around 76% (79% in 2008[(1)]) of the business market. These markets were deregulated in 2007 and 2004, respectively.

Electricity sales climbed 7% to 34.1 TWh, thanks to active client acquisition. As of December 2009, the portfolio of electricity customers rose above 920,000 sites, including more than 720,000 retail customers (an addition of 344,000 customers since the end of 2008).

Thermal production assets continue to grow with the commissioning of "CyCoFos", a new combined cycle gas turbine with 486 MW capacity, on September 1, 2009 and the connection to the network of the "CombiGolfe" turbine with 424 MW capacity at the end of 2009, the commissioning of which will follow in the first half of 2010.

Similarly, developments in wind power production brought capacity up to 602 MW at the end of 2009 (up 34% year-on-year).

2009 electricity production (29.2 TWh) remained comparable to production recorded in 2008. The increase in thermal and wind power production was offset by less favorable hydro conditions than in 2008.

EBITDA grew by €113 million, primarily due to a decrease in revenue shortfall, represented by €177 million in 2009 compared with €679 million in 2008.

Changes in EBITDA between 2008 and 2009 are also explained by the consequences the warm climate has on natural gas sales, the rise in bad debt during the crisis period and the retreat in CNR hydro sales prices and volumes resulting from a reduction in hydro demand in 2009 following a particularly favorable year of business in 2008.

Current operating income for Energy France was up €192 million on 2008. This progression is more favorable than the growth in EBITDA, primarily due to the reduced level in provisions, in particular trade and other receivables, all non-recurring items having been recorded in 2008.

Price trends

The new 2010-2013 Public Service contract between the French government and GDF SUEZ was signed on December 23, 2009 alongside a decree defining the regulatory framework for setting public distribution rates. The decree plans for prices to be stabilized on January 1, 2010 and costs, excluding supplies, to be rescheduled to April 1, 2010.

Public distribution rates

The table below shows the average change in public distribution rates adopted in 2008 and 2009:

Year	Average level of rate change
2008	
January 1	€1.73 per MWh
April 30	€2.64 per MWh
August 15	€2.37 per MWh
October 1	- € per MWh
2009	
January 1	- € per MWh
April 1	(5.28)[(1)]€ per MWh
July 1	– € per MWh
October 1	– € per MWh

(1) As of April 1, 2009, the B1 price decreased by €4.63/MWh.

(1) Market section measured in relation to the entire French market (GrDF and local distribution companies).

Subscription rates

Subscription rates are revised quarterly to account for any changes in the euro/dollar exchange rate, changes in costs and the price of a representative basket of oil products.

Year	Average level of rate change
2008	
January 1	€2.90 per MWh
April 1	€2.22 per MWh
July 1	€3.91 per MWh
October 1	€4.00 per MWh
2009	
January 1	-€8.52 per MWh
April 1	-€9.69 per MWh
July 1	€1.38 per MWh
October 1	€3.88 per MWh

6.1.2.2 Energy Europe & International

6.1.2.2.1 Key figures

2008 pro forma data, in millions of euros	2009						2008				% change (reported basis)
	Benelux & Germany	Europe	Latin America	North America	ME, Asia & Africa	Total*	Benelux & Germany	Europe	International	Total	
Revenues	13,204	7,746	2,012	3,877	1,510	28,350	14,113	8,749	7,623	30,485	-7.0%
EBITDA (a)	2,123	1,011	1,026	657	286	5,027	1,745	844	1,799	4,388	14.6%
Depreciation, amortization and provisions (b)	(536)	(429)	(191)	(228)	(88)	(1,471)	(551)	(331)	(393)	(1,275)	
Net disbursements under concession contracts/share-based payment (c)	(12)	(2)				(22)	(12)	(1)	(8)	(21)	
CURRENT OPERATING INCOME = A + B + C	1,574	581	835	429	197	3,534	1,182	513	1,397	3,092	14.3%

* *A portion of these costs has not been allocated.*

6.1.2.2.2 GDF SUEZ Energy Benelux & Germany

Revenues for the Benelux & Germany business area came in at €13,204 million, down 6.4% compared with 2008. Excluding the impact of exchange rates and changes in Group structure (sale of the Walloon region's electricity and gas distribution activities in Belgium to ORES and the sale of the 250 MW nuclear power plant capacity to SPE as part of the "Pax Electrica II" agreement, and the acquisition of Wuppertal Stadtwerke in Germany), revenues declined by 4.5% year-on-year.

Electricity sales

rising by 4.5% to 118.6 TWh. Growth in volumes sold is primarily accounted for by optimized availability of production assets. The consumer markets requiring such volumes are mainly located outside of the historical Benelux region.

In **Belgium and Luxembourg**, volumes sold retreated 1.5 TWh (down 2.0%). Sales to industrial customers were mainly affected by the economic crisis (down 4.8 TWh), but this decline in volumes was compensated for by the wholesale market (up 3.3 TWh) and the resellers (up 1.1 TWh).

In Belgium, average prices climbed for business customers and the wholesale market, but dropped in the retail market, for which the change in price is not directly related to energy markets.

In the **Netherlands**, electricity sales declined by €148 million (1.8 TWh), primarily attributable to the wholesale market (down €153 million, or 0.9 TWh). Despite a slump in volumes sold (down 0.5 TWh), revenues crept up in the business market due to a rise in sales prices.

In **Germany**, electricity sales advanced €105 million and 0.8 TWh year-on-year. The acquisition of Wuppertal Stadtwerke accounts for two-thirds of this increase. Organic growth is attributed to the surge in wholesale market sales (1.8 TWh), since the lower average prices were partially offset by the decision to reduce sales to new resellers entering the market (down by 0.8 TWh).

Outside of the Benelux & Germany region, revenues were boosted by €470 million, totaling €798 million thanks to a hike in volumes of 7.6 TWh. For the most part, the sales activity resided in the wholesales markets in France, the United Kingdom, Poland and Hungary, as well as to resellers in France.

Gas sales

Despite stable volumes, in 2009 gas sales retreated 19.5%, or €665 million, mainly due to the decrease in prices. In Belgium, volumes sold dropped due to the economic crisis and greater competition in the industrial consumer market. This decline in volumes sold was offset by a jump in sales to a limited number of industrial customers in the Netherlands.

EBITDA for the Benelux & Germany business area came in at €2,123 million, representing a 21% rise compared with 2008 and 25.8% organic growth. The impact of changes in Group structure comprises the sale of the 250 MW nuclear power plant capacity to SPE, the asset swap with E.ON and the acquisition of Wuppertal Stadtwerke.

The rate of capacity of nuclear power plants significantly improved year-on-year (87.6% compared with 84.8% in Belgium) resulting from a less extensive maintenance program due to production outages and a fall in the number of unanticipated outages. Thanks to Electabel's hedging policy covering trailing three-year periods, the margin for 2009 primarily reflects increasing spreads and a 9% increase in prices forward comparatively to the 2005-2008 period.

Current operating income for the Benelux & Germany business area advanced 39.7% in organic growth, totaling €1,574 million. In addition to the rise in EBITDA, depreciation charges and provisions for doubtful receivables, this advance is also attributable to non-recurring provisions and impairment which were recognized in 2008.

6.1.2.2.3 GDF SUEZ Energy Europe

The Energy Europe business area contributed **revenues** of €7,746 million in 2009, down 11.5% on a reported basis compared with one year ago.

Changes in group structure had a positive €759 million impact on revenues, mainly as a result of the acquisition of the VPP (Virtual Power Plant) in Italy (€540 million impact) and a major gas distributor Izgaz in Turkey (€159 million impact). The change of consolidation method for Reti also had a positive €29 million impact on revenues. Negative exchange rate impacts were recorded in Eastern Europe (€270 million) and the United Kingdom (€218 million).

Revenues were down 15.4% on an organic basis. The main contributors to the decline were as follows:

- Western Europe (down €708 million), essentially due to a steep 10.8 TWh (30%) drop in United Kingdom gas volume sales in the wake of a change of commercial strategy, and a more moderate 0.9 TWh (12%) drop in electricity volumes sold on a downbeat Spanish market, which continued to face sluggish demand and strong price pressure;
- Italy (down €377 million), where the slowdown in industrial production pulled electricity and gas prices down 26% and 22%, respectively, and cut volumes of gas sales by 3.3 TWh (13.8%);
- Central and Eastern Europe (down €190 million), chiefly due to a 1.3 TWh (41%) fall in electricity volumes sold in Hungary owing to the expiration of long-term contracts on January 1, 2009, an 8.7 TWh fall in gas volumes sold in Romania, due mainly to the negative climate effect, and a fall in gas prices in Slovakia. These negative impacts were offset in part by a 1.5 TWh (25%) rise in electricity volumes and higher selling prices in Poland.

EBITDA for the division came in at €1,011 million in 2009, up €167 million or 19.8% on a reported basis. Organic EBITDA remained relatively stable compared with 2008 and was mainly affected by the following impacts:

- in Western Europe organic EBITDA dipped slightly, mainly reflecting low spark spreads in the Spanish and United Kingdom electricity generation activites;
- EBITDA also contracted on an organic basis in Italy, despite the commissioning of a 380-MW plant in Naples on April 1, 2009 and a 29-MW plant in Monte Della Difesa in the fourth quarter of 2008. The Italian electricity production subsidiaries had to contend with a low level of clean spark spreads and a reduction in the ancillary services provided to the distribution network operator;
- Central and Eastern Europe enjoyed organic growth, spurred chiefly by a concentration of sales on the highly profitable wholesale and industrial markets, successful tradeoffs in Poland between electricity generation and market purchases, and stable revenues from sale and distribution activities which benefited from a sharp drop in supply costs, particularly in Romania and Slovakia. These positive impacts were offset in part by a substantial contraction in industrial activity in Hungary, which affected both the gas and electricity markets.

Current operating income for the division totaled €581 million, down €22 million or 4.3% year on year on an organic basis. These operating results were boosted by the factors driving EBITDA growth.

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6.1.2.2.4 GDF SUEZ Energy North America

Revenues for the Energy North America business area came in at €3,877 million, down 7.9% on a reported basis and down €622 million or 14.4% stripping out changes in exchange rates and Group structure. Changes in exchange rates had a positive €175 million impact due to the appreciation of the US dollar. Changes in Group structure, mainly consisting of the acquisition of FirstLight in December 2008 (positive €192 impact) and the sale of the Chehalis plant in September 2008 (negative €79 million impact), had an overall positive €113 million impact on revenues.

Electricity sales advanced 5.9 TWh to 50.6 TWh, while **natural gas** sales edged back 2 TWh to 69.4 TWh.

The drop in revenues is mainly attributable to the performance of the LNG business in the United States, where tumbling prices led to a €448 million decrease year on year. Lower electricity prices also led to a €220 million fall in revenues from electricity sales to the wholesale market, in spite of higher volumes, and from sales under long-term contracts. Despite the drop in prices and the economic downturn, GDF SUEZ Energy Resources North America, which supplies electricity to business and industrial customers in the United States, continued to perform well, reporting a €143 million increase in revenues driven by a 23% increase in volumes sold which totaled 26.2 TWh for the year.

Excluding the positive €22 million exchange rate impact and the positive €98 million impact of changes in Group structure, **EBITDA** dropped €56 million (or -9.1%).

- This negative growth is mainly attributable to a sharp fall in the margin reported on hedged liquid natural gas sales, due to decreasing natural gas prices (the average Nymex price was 56% lower than in 2008). This steep decline was partially offset by lower operating costs at the Everett terminal.
- Thanks to a rigorous hedging policy, the business area's electricity production business limited its exposure to movements in energy prices, which were particularly unfavorable compared to 2008.
- The business area's retail energy sales business capitalized on the favorable competitive conditions created by these downbeat conditions and was able to increase its volumes and margins.
- Electricity production from renewable sources was boosted by the commissioning of the West Cape Wind Farm and the Caribou Wind Park in Canada, both of which have a capacity of 99 MW, and contributed to EBITDA for the first time in 2009.

Current operating income for the North America business area came in at €429 million, down €68 million (15.1%) on an organic basis, but were boosted by the same factors which positively impacted EBITDA.

6.1.2.2.5 GDF SUEZ Energy Latin America

Revenues for the Energy Latin America business area totaled €2,012 million in 2009, down 2.7% on a reported basis and €98 million or 4.8% on an organic basis compared with 2008.

Changes in group structure had a negative €52 million impact on revenues and related mainly to the acquisition of Ponte De Pedra in Brazil, and of Corani in Bolivia in December 2008.

Electricity sales rose to 40.4 TWh, representing a 0.4 TWh increase over the year, while gas sales held firm at 8.1 TWh.

This negative organic growth is mainly attributable to (i) lower prices in Chile (negative €44 million impact), (ii) the ongoing coal-conversion project at the Bahia Las Minas power plant in Panama (negative €23 million impact), which was partially offset by the start up of the Cativa power plant project in August 2008, and (iii) a drop in sales in Brazil (negative 28 million impact).

EBITDA for the business area came in a €1,026 million, representing a €20 million increase which was mainly driven by the positive impact of changes in exchange rates and Group structure. The business area turned in solid results on a par with 2008 in most countries, but boasted a year-on-year increase in Chile and Panama.

- Faced with difficult hydrological conditions and a particularly high basis for comparison, Brazil failed to match its sparkling 2008 performance, although higher margins on bilateral and export sales partially offset the negative impact.
- Margins in Peru dropped compared with 2008 when outstanding conditions, mainly created by a very high coal stock index, established a high basis for comparison.
- Chile improved its year-on-year performance, powered by an increase in gas capacity availability and lower fuel and market prices. This upward trend was contained, however, by the impact of higher contractual sales, which limited volumes of spot sales.
- Panama improved its performance compared to 2008. The first full year of operation of the Inversiones y Desarrollos Balboa plant was the main growth contributor, although the conversion to coal fired plants held back contractual sales of other assets.

Current operating income rose in line with EBITDA and amortization and depreciation, mainly resulting from the launch of the hydraulic plant in San Salvador and production at the Balboa plant.

6.1.2.2.6 GDF SUEZ Energy Middle East, Asia and Africa

Revenues for the Middle East, Asia and Africa business area climbed 12.2% on a reported basis to €1,510 million, owing mainly to the acquisition of Senoko in Singapore in September 2008 and to the appreciation of the US dollar and the Thai baht. Revenues fell 11.2% or €157 million on an organic basis driven chiefly by Turkey (down €133 million) and Senoko (down €39 million) further to price decreases.

The business area sold 24.8 TWh of **electricity**, up 2.2 TWh.

Excluding the positive €11 million exchange rate impact and the positive €12 million impact of changes in Group structure, **EBITDA** for the business area remained virtually stable on an organic basis, thanks to development fees received in the Middle East and to contractual revenues under long-term agreements, despite softer demand in the region:

- in Thailand, EBITDA edged up 2% on the back of a sharp 36% rise in benchmark prices. This was despite a 3% drop in electrical output, hurt by a challenging economic environment and unpredictable weather conditions in Laos;

- in Turkey, programmed maintenance work resulted in lower returns on available capacity;
- in Singapore, Senoko was hit by the fall-out from the economic crisis, which weighed on volumes. However, EBITDA rose to €17 million from €11 million in 2008, boosted by the fact that it now covers a 12-month period (Senoko was acquired in September 2008). Demand began to pick up at the end of 2009;
- EBITDA improved in the Middle East, spurred mainly by a rise in development fees for the Shuweihat and Al Dur projects.

Current operating income for the Middle East, Asia and Africa region came in at €197 million, down €5 million or 2.5% on an organic basis. The region's operating momentum was powered by the same factors as those described above for EBITDA.

6.1.2.3 Global Gas & LNG

2008 pro forma data, in millions of euros	2009	2008	% change (reported basis)
Business line revenues	20,470	22,394	-8.6%
Revenue contribution to Group	10,657	10,827	-1.6%
EBITDA (a)	2,864	3,715	-22.9%
Depreciation, amortization and provisions (b)	(1,412)	(1,363)	
Share-based payment (c)	(2)		
CURRENT OPERATING INCOME = A + B + C	1,450	2,352	-38.3%

Total **revenues** for the Global Gas & LNG business line, including intragroup services, shed 8.6% year-on-year on a reported basis, down to €20,470 million.

At the end of December 2009, the contribution from the Global Gas & LNG business line was virtually stable year-on-year, at €10,657 million, down 1.6% on a reported basis.

The business line's robust sales performance in 2009 reflects a rise in gas volumes sold on the back of severe winter weather in Europe in the first quarter, as well as an increase in short-term sales and an overall expansion of the European customer portfolio. In contrast, revenues were dented by sluggish consumption from industrial customers, lower LNG sales and a decrease in Exploration & Production sales as a result of the economic crisis and the fall in commodity prices.

Revenues for the business line were down €444 million on an organic basis. This excludes the positive €303 million impact of changes in Group structure stemming from the consolidation of new Exploration & Production assets in the Netherlands at the end of 2008, and the negative €28 million exchange rate impact (GBP, USD and NOK).

The fall in the business line's organic revenue contribution reflects mainly:

- negative price impacts on short-term and other sales linked to the fall in commodity prices, along with a 24.1 TWh decrease in external LNG sales, down to 22.2 TWh at end-December 2009 (26 cargoes) versus 46.3 TWh at end-December 2008 (56 cargoes). Downbeat market conditions partly offset a more upbeat performance in logistics in the last quarter of 2009;
- a fall of €503 million (-28%) in organic Exploration & Production revenues to €1,473 million, chiefly resulting from:
  - a drop of €21.3/boe (-33%) in average Brent crude prices, down to €43.8/boe in 2009 from €65.1/boe in 2008, despite indexation mechanisms and financial hedges having stemmed the decline in the prices of gas sold,
  - a 51% slump in the average NBP gas price, from €26.2/MWh in 2008 to €12.8/MWh in 2009, which took its toll on sales of gas indexed to this market,
  - a year-on-year fall of 4% or 1.4 MMboe in the total hydrocarbon production contribution.

These negative impacts were partly countered by:

- growth (after hedging) in natural gas sales to European Key Accounts, thanks to the expanded customer portfolio (sales volumes up 4.6 TWh to 185.5 TWh for the year to December 31, 2009 from 180.9 TWh in the same year-ago period);
- strong upward momentum in short-term sales volumes, which rose 27.3 TWh from 79.4 TWh for the year to December 31, 2008 to 106.7 TWh for the year to December 31, 2009.

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In 2009, the business line reported across-the-board advances, particularly in:

- Key Account sales, thanks to the commercial launch of GDF SUEZ Global Energy, and new sales and marketing subsidiaries in Austria and the Czech Republic;
- liquefied natural gas, buoyed by the ramp-up of the Snohvit LNG production plant in Norway, the delivery of the new BW SUEZ Brussels and BW SUEZ Paris LNG carriers under the charter agreement, the loading of floating storage units in the second half of 2009, and the loading of a first cargo in Yemen;
- Exploration & Production activities, boosted by the success of the Gro and Jankrik wells in Norway, and the 30-year operating license for the Touat oil field in Algeria;
- the new LNG terminal project developed in Australia's Bonaparte basin (development and operation of a floating liquefaction unit, and sale and shipment of gas to the Asia/Pacific markets), under the Group's partnership with Santos.

In 2009, **EBITDA** for the business line came in at €2,864 million, down from €3,715 million in 2008, representing a decline of €851 million, or 22.9%, on a reported basis.

Excluding (i) the positive €254 million impact of changes in Group structure, due mainly to the consolidation of new Exploration & Production assets in the Netherlands, and (ii) a negative foreign exchange impact of €64 million (GBP, NOK), EBITDA fell €1,040 million, or 28.5%, on an organic basis. The decline reflects:

- the impact of a fall in oil and gas prices on the business line's activities, coupled with the impact of an overall downturn in business and in volumes sold for Exploration & Production and LNG;
- despite exceptional arbitrage market trading gains and a general improvement in supply conditions.

Current operating income after depreciation and amortization charged relative to the allocation of the cost of the business combination shed 38.3% on a reported basis, down to €1,450 million.

6.1.2.4 Infrastructures

2008 pro forma data, in millions of euros	2009	2008	% change (reported basis)
Business line revenues	5,613	5,498	2.1%
Revenue contribution to Group	1,043	896	16.4%
EBITDA (a)	3,026	2,878	5.1%
Depreciation, amortization and provisions (b)	(1,078)	(987)	
Share-based payment (c)	(1)		
CURRENT OPERATING INCOME = A + B + C	1,947	1,891	2.9%

Total **revenues** for the Infrastructures business line, including intragroup services, came in 2.1% higher year-on-year, at €5,613 million.

The contribution of the business line (excluding intragroup bill) to Group revenues was €1,043 million, up 16.4% on 2008.

The improved contribution is related mainly to the growth in volumes shipped by GrDF on behalf of third parties, attributable to market deregulation and the growing share of new suppliers. Volumes swelled 8.9 TWh year-on-year, to 37.7 TWh.

Revenue growth for the business line as a whole was fueled mainly by:

- the introduction of a new rate for accessing distribution infrastructure on July 1, 2008, raised by 5.6% on that date and by a further 1.5% on July 1, 2009;
- the introduction of a new rate for accessing transport infrastructure in France on January 1, 2009, raised by an average 6%;
- a 2.7% increase in the average price of usable storage volumes in France as of April 1, 2009.

Volumes distributed shrank 2.1% based on average temperatures and 3.8% based on actual temperatures, with 2009 proving warmer overall than 2008. Reserved capacity on the transmission network in Germany rose 8.7 GWh/h following the commissioning of new facilities, and storage capacity climbed 2 TWh over the 2009/2010 business year.

EBITDA for the Infrastructures business line advanced 5.1% on 2008 to €3,026 million, essentially boosted by the above mentioned rate increases.

Current operating income for the Infrastructures business line advanced 2.9% year-on-year to €1,947 million. This was less than the increase in EBITDA, mainly due to higher depreciation and amortization expenses.

Major events affecting the Infrastructures business line in 2009 are described below:

- further to the claim filed by the Association de Défense et de Protection du Littoral du Golfe de Fos-sur-Mer, the administrative court of Marseilles canceled the prefectoral order authorizing the operation of the Fos Cavaou terminal in a ruling handed down on June 29, 2009. Elengy filed an appeal against this decision on July 9, 2009, and on October 6 was awarded a provisional operating license. In view of the above, the commissioning date for the terminal was put back from 2009 to the first half of 2010;
- a new ratings framework was defined for terminal activities. The ATM3 rates are due to enter into force on January 1, 2010 for the Montoir de Bretagne and Fos Tonkin terminals, as well as for the Fos Cavaou terminal which is expected to be brought into commercial operation;
- regulated transportation rates in Germany came into force on October 1, 2009;
- as part of the government's economic stimulus plans, the Infrastructures business line made additional investments of €200 million in 2009.

6.1.2.5 Energy Services

2008 pro forma data, in millions of euros	2009	2008	% change (reported basis)
Revenues	13,621	13,993	-2.7%
EBITDA (a)	921	904	1.9%
Depreciation, amortization and provisions (b)	(268)	(272)	
Net disbursements under concession contracts/share-based payment (c)	(56)	(46)	
CURRENT OPERATING INCOME = A + B + C	598	586	2.0%

Energy Services delivered **revenues** of €13,621 million, down 3.4% year-on-year on an organic basis.

In **France**, revenues for service activities (Cofely France) slid €61 million or 1.8% on an organic basis, squeezed by the sharp decline in energy prices in the fourth quarter of the year compared with 2008. Installation and maintenance activities were down €120 million, or 3.3%, on an organic basis. Performances were uneven across businesses and entities. Inéo reported a small drop in billings, while Endel saw a significant decline in revenues, despite vigorous activity in the nuclear business. In contrast, Environmental and Refrigeration Engineering reported revenue growth.

In **Belgium**, growth in service businesses and in the energy sector failed to offset the impacts of the downturn on installation and maintenance activities. Its performance therefore declined €108 million (-6.6%) on an organic basis.

The **Netherlands** reported a fall of €167 million (-12.7%) in revenues on an organic basis, as government infrastructure projects failed to offset the contraction in demand from private customers across all regions.

All **Tractebel Engineering** divisions delivered robust growth, particularly international divisions, which posted organic growth of €66 million, or 17.6%.

Excluding France and Benelux, revenue for the Energy Services business line in Northern Europe remained stable, losing just €7 million (0.6%) on an organic basis thanks to growth in Germany and the start of construction work under the London Olympic Games contract. Revenues for Southern Europe lost €95 million, or 5.4%. Energy prices held back growth in Italy, while the Spanish market remained depressed. Organic revenue growth for the International Overseas business unit came in at €16 million, or 3.8%, lifted by rate adjustments and the commissioning of new assets.

EBITDA came in at €921 million for the business line. Organic growth was 0.5%, with the advances reported by International South, Tractebel Engineering and International Overseas business units dampened by the decline registered by FISA, International North and the Netherlands.

In France, service activities held up well despite the negative impact of energy prices and a decline in business due to the economic downturn. In contrast, revenues for installation activities were hit by lackluster demand in industrial and construction markets.

In Belgium, profitability held firm despite a sharp fall in installation activities, with service activities delivering further gains.

In the Netherlands efforts to optimize overheads failed to offset the impact of lower margins and a slowdown in business.

Tractebel Engineering continued to gain ground, posting vigorous organic growth and a robust performance.

The impact of the economic crisis (United Kingdom, Switzerland, Eastern Europe) – particularly in terms of volumes and prices – dented profitability for the International North business unit, despite the start of construction work for the London Olympic Games.

The International South business unit saw electricity prices tumble in Italy, but was boosted by improved availability for its cogeneration plants compared to 2008. The bad debt risk on Spanish customers was held in check.

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Despite a fall in consumption, subsidiaries of the International Overseas business unit reported revenue growth, spurred by good rainfalls in Polynesia.

Current operating income for the Energy Services business line came in at €598 million, versus €586 million in 2008.

6.1.2.6 SUEZ Environnement

(In millions of euros)	2009	2008	% change (reported basis)
Revenues	12,283	12,352	-0.6%
EBITDA (a)	2,060	2,102	-2.0%
Depreciation, amortization and provisions (b)	(851)	(776)	
Net disbursements under concession contracts/share-based payment (c)	(283)	(242)	
CURRENT OPERATING INCOME = A + B + C	926	1,084	-14.6%

SUEZ Environnement reported a very small 0.6% decline in **revenues** for 2009[1], linked to the strong economic downturn and to negative exchange rate impacts (chiefly on the pound sterling). However, these were partially offset by the positive impact of changes in Group structure.

Revenues declined 1.8% on an organic basis, although each of the three business segments fared very differently. The Water Europe and International segments delivered organic growth, while Waste Europe was hit by a decline in volumes of industrial and commercial waste collected as well as the collapse in prices for recovered secondary raw materials (metals, papers and plastics) that adversely affected sorting and energy recycling activities.

Despite the fall in revenues, **EBITDA** slipped only 2.0% (3.4% on an organic basis), thanks to the Compass cost cutting program. The initial aim of the program has been achieved one year ahead of schedule.

The higher proportional drop in **current operating income** compared to EBITDA is mainly due to the increase in the depreciation and amortization expense and concession costs (higher capital intensity related to previous investments), and to net additions to provisions totaling €30 million.

The operating performance of the business line for 2009 is presented in SUEZ Environnement's management report published on February 25, 2010.

6.1.2.7 Other

2008 pro forma data, in millions of euros	2009	2008	% change (reported basis)
EBITDA (a)	(253)	(354)	28.3%
Depreciation, amortization and provisions (b)	(28)	(56)	
Share-based payment (c)	(114)	(130)	
CURRENT OPERATING EXPENSE = A + B + C	(395)	(539)	26.8%

The €101 million year-on-year rise in EBITDA in 2009 is essentially attributable to one-off items.

The current operating loss for the period reflects the favorable outcome of claims and litigations arising in previous periods.

(1) *Contribution of SUEZ Environnement to the consolidated accounts of GDF SUEZ; a decline of 0.5% in the stand-alone accounts of SUEZ Environnement.*

6.1.3 OTHER INCOME STATEMENT ITEMS

2008 pro forma data, in millions of euros	2009	2008	% change (reported basis)
Current operating income	8,347	8,561	-2.5%
Mark-to-market on commodity contracts other than trading instruments	(323)	555	
Impairment of assets	(472)	(811)	
Restructuring costs	(179)	(187)	
Disposals of assets and other	801	84	
Income from operating activities	8,174	8,204	-0.4%
Net financial loss	(1,628)	(1,611)	
Income tax expense	(1,719)	(1,765)	
Share in net income of associates	403	447	
NET INCOME BEFORE IMPACT OF REMEDIES	5,230	5,275	-0.8%
Remedies		2,141	
NET INCOME	5,230	7,415	-29.5%
Minority interests	753	911	
NET INCOME GROUP SHARE	4,477	6,504	-31.2%

Income from operating activities edged down 0.4% year-on-year, to €8,174 million. Disposal gains offset the negative impact of mark-to-market valuations.

Changes in the fair value of financial instruments on commodities had a negative €323 million impact on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting), compared with a positive impact of €555 million in 2008. This results primarily from changes in the price of the underlying commodities during the period, and from unwinding positions during the year.

Income from operating activities was also affected by:

- asset impairment losses relating mainly to exploration licenses (€179 million), the abandoned project to build a second coal power station at Brunsbüttel-Stade in Germany (€113 million), and the mark-to-market of listed non-consolidated investments;
- and restructuring costs of €179 million linked to measures taken in response to the business downturn, mainly in the Waste Services segment of SUEZ Environnement and in Energy Services, and to the costs of integrating COFATECH's activities within the Energy Services business.

Disposal gains and other items totaled €801 million (€84 million in 2008), and chiefly include capital gains on the partial disposal of interests in Walloon inter-municipal companies, gains recorded on the sale of the Langerlo and Vilvoorde sites to E.ON, and gains recorded on the sale to SPE of a 250 MW in production capacity in accordance with commitments taken by the Group under the Pax Electrica II agreement. This item also includes the impact of certain proceedings initiated against the Group by the European Commission.

Net financial loss for the year to December 31, 2009 came in at €1,628 million, compared with a loss of €1,611 million in 2008. This chiefly reflects:

- a rise in net finance costs excluding the impacts of foreign exchange rate fluctuations and mark-to-market measurement, to €1,741 million in 2009 versus €1,367 million in 2008. The rise in this caption results from (i) a volume impact further to the bonds issued by the Group since october 2008 (leading to a rise of €255 million in net finance costs), and (ii) a rise in average net debt due to the fall in income on investing activities in a context of lower interest rates;
- the positive mark-to-market impact of economic hedges of loans, totaling €265 million in 2009 (€464 million in 2008);
- the €92 million year-on-year decrease in the contribution from other financial income and expenses.

The effective **tax** rate adjusted for disposal gains and the impairment loss recognized on Gas Natural shares in 2008, came out at 29.9% in 2009 versus 27.1% in 2008. The rise in the effective tax rate is primarily due to the positive one-off impacts in 2008 of the GDF SUEZ tax consolidation group resulting from the merger.

Share in net income of associates fell €44 million compared with 2008, mainly due to a €44 million fall in contributions from Fluxys after the partial disposals in 2008 and 2009.

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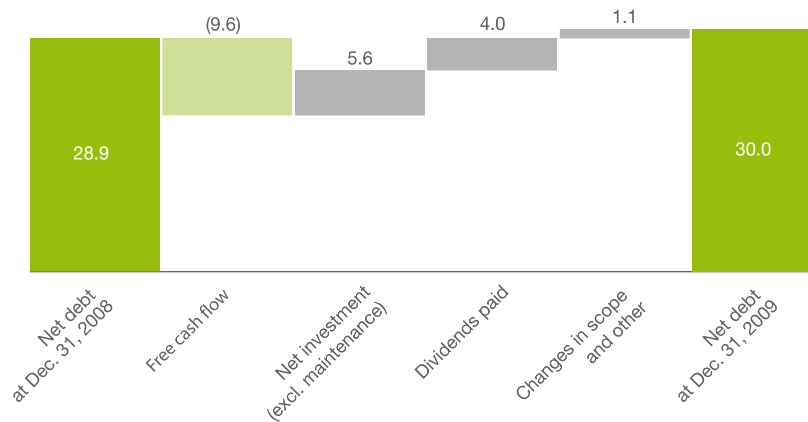
Minority interests in net income including the impact of remedies fell by €753 million, mainly reflecting the impact of the remedies and the decrease in income reported by Tractebel Energia, which had benefited from one-off market opportunities in the first quarter of 2008.

6.1.4 CHANGES IN NET DEBT

Net debt stands at €30 billion, up €1.1 billion on end-December 2008 (€28.9 billion). Changes in net debt over the year are charted below:



6.1.4.1 Free cash flow

Free cash flow (i.e., after interest on borrowings and income tax) amounted to €9,643 million, up 127% due to a major reduction in working capital requirements.

Working capital requirements improved by €1,988 million, of which €834 million resulted from margin calls and from commodity derivative instruments. The fall in trade and other receivables had a positive €1,145 impact on operating working capital, which also benefited from the fall in energy prices in comparison with end-2008.

Maintenance expenditures totaled €3,182 million in 2009 versus €2,689 million in 2008.

6.1.4.2 Net investments (excluding maintenance)

Net investments (excluding maintenance) in 2009 totaled €5,595 billion and include:

- financial investments for €1,514 million, including the acquisition of shares in Stadtwerke Wuppertal in Germany (€0.2 billion), the acquisition of minority interests in Reti in Italy (€0.1 billion), the acquisition of Heron in Greece (€0.1 billion), and the acquisition of shares in Izgaz in Turkey (€0.1 billion). SUEZ Environnement and Genfina each subscribed to a capital increase carried out by Gas Natural for €0.3 billion;
- development expenditure totaling €6,464 million.

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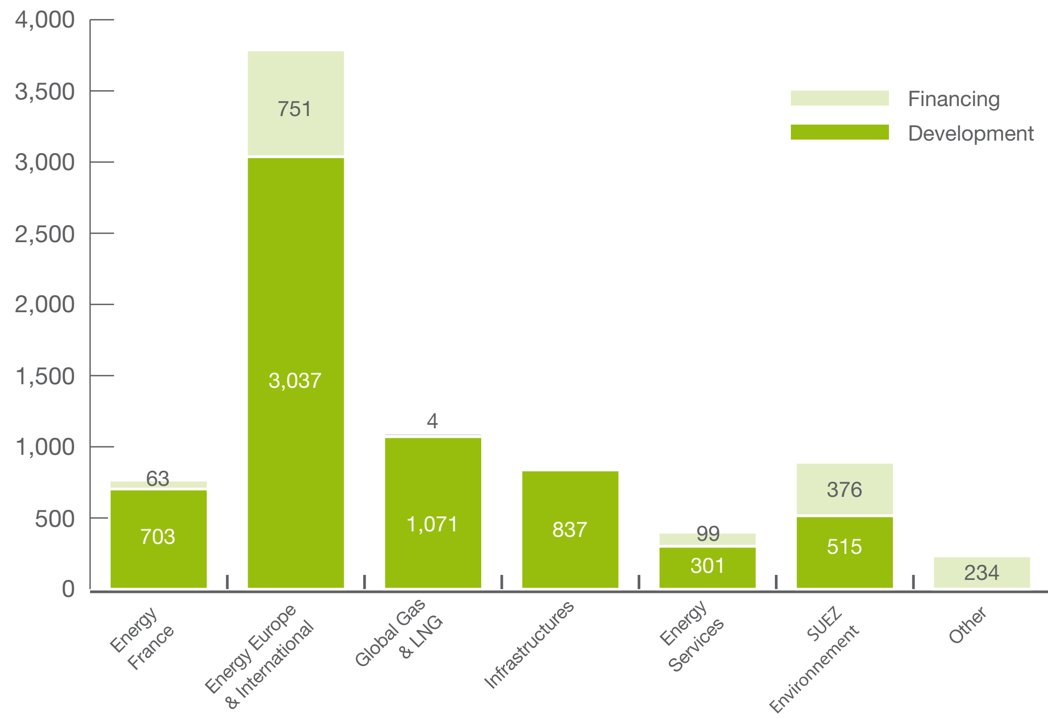
Capital expenditures break down as follows by business line:



Disposals in 2009 represent €2,383 million and essentially relate to the sale of an interest of 250 MW in certain nuclear power plants (€0.2 billion), the sale of the Group's stake in SPE (€0.6 billion), and the partial sale of shareholdings in Walloon inter-municipal companies (€0.5 billion), Fluxys (€0.1 billion), and the sale of Gas Natural shares (€0.3 billion).

6.1.4.3 Dividends

Total dividends paid to shareholders and minority interests amounted to €3,401 million and €627 million, respectively.

6.1.4.4 Structure of net debt at December 31, 2009

At December 31, 2009, net debt totaled €29,967 million, versus €28,936 million one year earlier. The gearing ratio came out at 45.7%, representing an improvement on end-2008 (46.1%).

Including the impact of financial instruments, 56% of net debt is denominated in euros, 23% in US dollars, and 1% in pounds sterling.

Including the impact of financial instruments, 77% of net debt is at fixed rates.

The average maturity of net debt rose to eight years, reflecting bond issues carried out during the period.

At December 31, 2009, the Group had undrawn credit facilities and commercial paper back-up lines totaling €14,687 million.

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6.1.5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment and intangible assets stood at €81.1 billion at end-2009, versus €74.2 billion at end-December 2008. This €6.9 billion increase stems chiefly from investments of the period (€9.7 million), changes in scope (€1.5 billion) and translation adjustments (€1.0 billion), partially offset by depreciation, amortization and impairment recognized in the period (€5.4 billion).

Goodwill edged up €0.5 billion to €28.0 billion. Net acquisitions in the year added €0.9 billion to goodwill, while the final allocation of the cost of the FirstLight and Gaz de France business combinations accounted for a €0.4 billion decrease.

Investments in associates totaled €2.2 billion. The €0.9 billion fall stems chiefly from the sale of SPE, the full consolidation of Reti and the decline in the value of the Group's shareholdings in inter-municipal companies owing to capital decreases and to the partial sale of shareholdings in walloon companies.

Total equity amounted to €65.5 billion, up €2.7 billion on end-2008 (€62.8 billion). Income for the period (€5.2 billion), the impact of comprehensive income recognized directly in equity (€0.9 billion) and translation adjustments (€0.6 billion) were partially offset by the €4.0 billion dividend payout.

Provisions fell down €0.7 billion to €14.1 billion, reflecting the utilization and the reversal of the surplus provision for Megal, as well as the impact of the sale of Electrabel Net Wallonie (ORES) shares to the Walloon inter-municipal companies on provisions for pensions and other employee benefits.

Both assets and liabilities relating to **derivative financial instruments** (current and non-current) fell over the period, by €3.0 billion and €3.4 billion, respectively. This decrease is chiefly due to price impacts as well as the unwinding of transactions over the year.

6.1.6 PARENT COMPANY FINANCIAL STATEMENTS

The figures provided below relate to the financial statements of GDF SUEZ SA, prepared in accordance with French GAAP and applicable regulations.

Revenues for GDF SUEZ SA totaled €24,894 million in 2009, slipping 1.2% on 2008 due mainly to adverse weather conditions.

Operating income for the year was in line with 2008 (€316 million), at €323 million. The fall in revenues was offset by a reduction in external charges, particularly in respect of supplies, and changes in gas inventories.

Net financial income came in at €1,554 million, including mainly dividends received from subsidiaries (€1,881 million) and net finance costs (€753 million). At December 31, 2009, net debt stood at €14,660 million.

The Company posted net exceptional income of €184 million, reflecting the impact of the European Commission's decision in the E.ON/GDF case issued on July 8, 2009, which led to the recognition of the fine handed down and the reversal of the corresponding provision.

Income tax includes tax consolidation gains reflecting the utilization of a portion of the tax loss carryforwards transferred to GDF SUEZ SA within the scope of the merger.

Net income came in at €2,261 million.

Equity amounted to €51,018 million at end-2009 versus €52,043 million at end-2008, reflecting the dividends payout and net income for the period.

Information relating to supplier payment deadlines

France's law in favor of the modernization of the economy («LME» law no. 2008-776 of August 4, 2008) and its application decree no. 2008-1492 of December 30, 2008, provide that companies whose annual financial statements are audited by a Statutory Auditor must publish information relating to supplier payment deadlines. The purpose of publishing this information is to ensure that there are no significant lapses in respect to the payment of suppliers.

At December 31, 2009, the breakdown of the outstanding amounts payable by GDF SUEZ SA with regard to suppliers by maturity is as follows:

(in millions of euros)	External	Group	Total
Past due	-	8	**8**
30 days	436	54	**490**
45 days	8	3	**11**
More than 45 days	7	1	**8**
TOTAL	**451**	**66**	**517**

Overall, the amount of trade payables past due owed by GDF SUEZ SA is marginal, and is zero with respect to non-Group entities.

6.1.7 OUTLOOK FOR 2010

The development of GDF SUEZ is based on a solid, balanced, and value-creating growth model. With its long-term industrial perspective, the Group is in a particularly good position to benefit from an economic recovery and improving commodity prices, with its leadership positions in both electricity and natural gas, diversified and complementary businesses, and a capacity for dynamic, profitable development in promising energy and environment markets.

This growth model allows GDF SUEZ to set clear financial targets of dynamic growth and a competitive dividend policy:

- an ambitious investment program maintained, of approximately EUR 10 billion per year in 2010-2011;
- sustained EBITDA growth, taking into account a slower-than-predicted recovery in demand[1], low commodity prices and accelerating growth in 2011:
  - 2010 EBITDA higher than 2009 EBITDA,
  - 2011 EBITDA[2] at least 15% higher than 2009 EBITDA.
- this target is supported by:
  - the 2008-2010 estimated contribution to EBITDA from the investment program, in 2010 (+€800 million) and accelerating in 2011 (cumulative total of +€1.8 billion),
  - the further acceleration of the Efficio plan, which will generate €1.95 billion gains in 2011 (up from the initial figure of €1.8 billion).
- a competitive dividend policy: a dividend equal or superior to previous year's;
- a solid balance sheet: Strong A rating.

Considering the results achieved and the Group's prospects, on March 3, 2010 the Board of Directors recommended an ordinary dividend payout in 2010, for the 2009 fiscal year, of €1.47 per share (+5% in relation to 2008) that includes a €0.80 per share interim dividend paid December 18, 2009; the balance of the ordinary dividend (€0.67 per share) will be paid May 10, 2010. These recommendations will be submitted for shareholder approval at the May 3, 2010 Annual General Shareholders' meeting.

(1) Vs. former assumption of full recovery of negative impact on the volumes of the crisis 2009.

(2) Vs. €17-18 billion 2011 EBITDA target set as beginning 2009. Nnew target assumes average weather conditions, no significant regulatory and macro-economic changes underlying 2010/2011 assumptions: average Brent $/barrel 74-79; average electricity price of base load in Belgium €/MWh 48-48; average Zeebrugge price of gas €/MWh 15-17.

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6.2 CASH AND SHAREHOLDERS' EQUITY

6.2.1 THE ISSUER'S EQUITY

Total shareholders' equity stood at €65.5 billion, an increase of €2.7 billion compared to December 31, 2008 (€62.8 billion), with income for the period (€5.2 billion) and the outcome of the consolidated income being posted directly under shareholders' equity (€0.9 billion) and with foreign exchange differentials (€0.6 billion) being partially offset by the payment of dividends (-€4.0 billion).

6.2.2 FINANCIAL STRUCTURE AND BORROWING CONDITIONS APPLICABLE TO THE ISSUER

6.2.2.1 Debt structure

Gross debt (excluding bank overdrafts and amortized cost) amounted to €39.7 billion at the end of 2009, an increase of €2.7 billion compared to the end of 2008, and was primarily made up of bonds issues amounting to €21.7 billion and bank loans (including finance leases) amounting to €11.9 billion. Short-term loans (commercial paper plus draws on credit lines) accounted for 13.7% of this total gross debt at the end of 2009.

65% of the gross debt, was issued on financial markets (bonds issues and commercial papers).

Net debt, billion, excluding amortized costs, the effects of financial derivative instruments and cash collateral, reached €29.1 at the end of 2009.

The net debt was 56% denominated in euro, 23% in US dollars and 1% in pounds sterling, excluding amortized cost but after the foreign exchange impact of derivatives, at the end of 2009.

After the impact of derivatives, 77% of the net debt was at a fixed rate. Due to continued rate decreases, the average cost of the gross debt stood at 4.58% compared to 4.93% in 2008. The average term of the net debt was 7.9 years at the end of 2009.

6.2.2.2 Main transactions in 2009

In order to meet its loan maturities and consolidate its cash, the Group raised the equivalent of €10 billion on the different long-term capital markets (bond markets in euro, US dollars, pounds sterling, yen and Swiss francs), in 2009. The portion of this amount raised by SUEZ Environnement amounted to €3 billion.

The Group established the principal financing in its Energy Europe & International business line, for the following projects:

- refinancing the Senoko (Singapore) debt to the amount of approximately €1 billion;
- funding phase II of the Astoria (USA) project to the amount of €719 million.

Furthermore, it is to be noted that as far as financing projects in equity affiliates, GDF SUEZ, along with its respective partners, finalized the financing of the Al Dur (Bahrein) IWPP (Independent Water and Power Producer) project, amounting to a total of US$2.1 billion, as well as the financing of Shuweihat 2 IWPP project in the United Arab Emirates for US$2.7 billion. SUEZ Environnement, along with its partners, completed the financing for a desalinization plant in Australia amounting to €2.2 billion.

In October 2009, the Company's Board of Directors authorized the renewal of its Euro Medium Term Notes program and increased its amount to €25 billion (previously €15 billion). The Basic Prospectus for the program received AMF approval No. 09-319 on November 4, 2009. It is to be recalled that this program also includes Electrabel SA as a potential borrower.

Furthermore, in accordance with the Board of Directors' decision, the Company's US commercial paper program was increased to US$4.5 billion on September 21, 2009 (compared to US$3 billion previously).

6.2.2.3 Group ratings

GDF SUEZ and some of its subsidiaries have been rated by Standard & Poor's and Moody's rating agencies, for their senior debt. Since July 2008, GDF SUEZ has been rated Aa3/P-1 outlook stable by Moody's and A/A-1 outlook positive by S&P. GIE GDF SUEZ Alliance is rated Aa3/P-1 outlook stable by Moody's, and Electrabel SA is rated A2/P-1 outlook stable by Moody's. Lastly, in July 2009, the Group coordination center, GDF SUEZ CC, was rated A2 outlook stable by Moody's.

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6.2.3 RESTRICTIONS ON THE USE OF CAPITAL

At December 31, 2009, the Group had total undrawn confirmed credit lines (usable, among other things, as back-up lines for the commercial paper programs) of €14.7 billion. Of these lines, 87% are managed in a pooled fashion and are not subject to any credit ratio or credit rating. At the end of 2009, 3.5% of the total amount these pooled lines had been used up.

Furthermore, the Group has set up credit lines some subsidiaries, for which the documentation includes ratios related to their financial standing. These are without recourse against GDF SUEZ SA or GIE GDF SUEZ Alliance.

The definition, as well as the level of these ratios, also known as "financial covenants", are determined by agreement with the lenders and may be reviewed during the life of the loan.

The most frequent ratios are:

- Debt Service Cover Ratio = Free Cash Flow/ [Principal + interest expense]) or for servicing interest (Interest Cover Ratio = EBITDA/ interest expense);
- Loan Life Cover Ratio (= adjustment of the average cost of the future Free Cash Flows debt divided by the borrowed amount still owed);
- Debt/Equity ratio or maintenance of a minimum amount of equity.

At December 31, 2009, there was no default of payment on the Group's consolidated debt. All the companies in the Group are in line with the covenants and representations appearing in their financial documentation, with the exception of the following:

- a company in the Energy Services business line, a company in the Energy Europe & International business line and a company in the Environment business line by not observing certain financial covenants;
- four companies in the Energy Europe & International business line by not observing documentation covenants.

No default has been claimed by counterparties; waivers are in the process of being discussed or already granted, and these defaults have no impact on the lines accessible to the Group.

6.2.4 EXPECTED SOURCES OF FINANCING TO HONOR COMMITMENTS RELATIVE TO INVESTMENT DECISIONS

6.2.4.1 Contractual commitments

The table below shows an estimate of the Group's contractual commitments at December 31, 2009 which could have an impact on its future cash flows. This estimate takes into account the Group's gross debt, operating finance leases and irrevocable commitments assumed by the Group to buy tangible assets, and other long-term commitments.

	Amount per period			
	Less than one year	From one to five years	More than five years	Total
Net debt	(2,340)	14,307	17,111	**29,078**
Simple leases	608	1,523	1,736	**3,868**
Irrevocable long-term asset purchase obligations	2,591	1,930	170	**4,691**
Financing commitments given	741	868	4,205	**5,815**
Financing commitments received	3,383	11,889	267	**15,539**
Undrawn confirmed credit lines	2,991	11,482	218	**14,691**
Other long-term obligations	420	461	251	**1,132**

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Contractual elements could have a significant impact on the Group's operating income or financing resources due to changes in the underlying parameters of these specific arrangements.

The table above does not include obligations related to pensions or other similar employee benefit plans. At December 31, 2009, payment obligations for these pension obligations were greater than the assets of these plans to the amount of €3,667 million, not taking into account the fair value of the assets of Contassur, a pension fund management company of the GDF SUEZ Group in Belgium. Also see Note 18.3 in Chapter 11.2.

Also included in the table above are investment expense commitments of approximately €1.1 billion included in the item "Other long-term obligations." These commitments are primarily related to the construction of several electricity production plants, including the purchase of turbines, gas plants, co-generation facilities and incinerators (€590 million) and investments pursuant to concession lease contracts (€542 million).

6.2.4.2 Expected sources of financing

The Group believes that working capital needs will be covered by the available cash, possible use of existing credit lines, and possible new transactions on the capital markets.

If necessary, specific financing could be established for very specific projects.

The Group has a total of €7.1 billion in credit lines or loans maturing during 2010 (excluding the maturity of €4.3 billion in commercial paper). Furthermore, it had €10.6 billion in cash as of December 31, 2009 (net of bank overdrafts) and, as mentioned in Section 6.2.3, an amount of €14.7 billion in lines available (excluding draws on the commercial paper programs).

7 CORPORATE GOVERNANCE

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7.1 CORPORATE GOVERNANCE BODIES: COMPOSITION - ORGANIZATION - OPERATION

7.1.1 BOARD OF DIRECTORS: COMPOSITION - TERMS OF OFFICE - INFORMATION - INDEPENDENCE

7.1.1.1 Composition of the Board of Directors

In accordance with the terms of Articles L. 225-17, L. 225-23 and L. 225-27 of the French Commercial Code concerning the composition of the Board of Directors after a merger, Article 13 of the bylaws provides that the Company is administered by a Board of Directors composed of a maximum of twenty-four (24) members until the close of the Ordinary Shareholders' Meeting to be held in 2010 to approve the 2009 financial statements. After this Meeting, the Board will be composed of a maximum of twenty-two (22) members.

The Board of Directors of GDF SUEZ is composed of thirteen (13) directors appointed by the Annual Shareholders' Meeting pursuant to the French Commercial Code on corporations, six (6) directors representing the French government and appointed pursuant to Article 2 of the French Legislative Decree of October 30, 1935, as well as three (3) directors representing employees and one (1) director representing employee shareholders, all elected pursuant to Article 8-1 of the French Privatization Act No. 86-912 of August 6, 1986.

Following the General Shareholders' Meeting scheduled for May 3, 2010 to approve the 2009 financial statements, the Company will be administered by a Board of Directors composed of twenty-two (22) members, including twelve (12) directors appointed by the General Shareholders' Meeting, six (6) directors representing the French State, three (3) directors elected by employees, and one (1) director elected by employee shareholders under the conditions specified in the bylaws.

7.1.1.2 Members of the Board of Directors at December 31, 2009

	Directors appointed by the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008		
	Date of first appointment	Date of last appointment	Address
Gérard Mestrallet (60 years old) *Chairman and Chief Executive Officer*	7/16/2008	-	GDF SUEZ 22, rue du Docteur Lancereaux 75008 Paris
Jean-François Cirelli (51 years old) *Vice-Chairman and President*	9/15/2004	7/16/2008	GDF SUEZ 22, rue du Docteur Lancereaux 75008 Paris
Albert Frère* (83 years old) *Vice-Chairman*	7/16/2008	-	Groupe Bruxelles Lambert 24, avenue Marnix B-1000 Bruxelles
Edmond Alphandéry* (66 years old)	7/16/2008	-	CNP Assurances 4, place Raoul Dautry 75015 Paris
Jean-Louis Beffa* (68 years old)	11/20/2004	7/16/2008	Saint-Gobain Les Miroirs 18, avenue d'Alsace 92096 La Défense Cedex
Aldo Cardoso* (53 years old)	11/20/2004	7/16/2008	45, boulevard de Beauséjour 75016 Paris
René Carron* (67 years old)	7/16/2008	-	Crédit Agricole SA 91-93, boulevard Pasteur 75015 Paris

* *Independent Director.*

Directors appointed by the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008

	Date of first appointment	Date of last appointment	Address
Étienne Davignon* (77 years old)	7/16/2008	-	SUEZ-Tractebel 1, place du Trône B-1000 Bruxelles
Paul Desmarais, Jr.* (55 years old)	7/16/2008	-	Power Corporation of Canada 751 Victoria Square Montreal, H2Y 2J3, Quebec
Jacques Lagarde* (71 years old)	7/16/2008	-	1314 Arch Street Berkeley, CA 94708, USA
Anne Lauvergeon* (50 years old)	7/16/2008	-	Areva 33, rue La Fayette 75009 Paris
Thierry de Rudder* (60 years old)	7/16/2008	-	Groupe Bruxelles Lambert 24, avenue Marnix B-1000 Bruxelles
Lord Simon of Highbury* (70 years old)	7/16/2008	-	1 St. James's Square, London SW1Y 4PD UK

* *Independent Director.*

Directors representing the French State

	Date of first appointment	Date of last appointment	Address
Jean-Paul Bailly (63 years old)	7/16/2008	-	La Poste 44, boulevard de Vaugirard – CP F 601 75757 Paris Cedex 15
Olivier Bourges(1) (43 years old)	10/5/2009	-	Ministry of Economy, Industry and Employment Government Shareholding Agency (APE) 139, rue de Bercy 75572 Paris Cedex 12
Pierre-Franck Chevet (48 years old)	7/16/2008	-	Ministry of Ecology, Energy, Sustainable Development and the Sea Directorate General for Energy and Climate Arche de La Défense - Paroi Nord 92055 La Defense Cedex
Ramon Fernandez(2) (42 years old)	3/27/2009	-	Ministry of Economy, Industry and Employment Directorate General of Treasury and Economic Policy 139, rue de Bercy Télédoc 230 75572 Paris Cedex 12
Pierre Graff (62 years old)	8/10/2007	7/16/2008	Aéroports de Paris 291, boulevard Raspail 75014 Paris
Pierre Mongin(3) (55 years old)	11/9/2009		RATP 54 quai de la Rapée 75599 Paris Cedex 12

(1) Appointed to replace Edward M. Vieillefond.

(2) Appointed to replace Xavier Musca.

(3) Appointed to replace Jean-Cyril Spinetta.

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	Directors elected to represent employees		
	Date of first appointment	Date of last appointment	Address
Alain Beullier (45 years old)	1/21/2009		Elengy 8, quai Émile Cormerais BP 90347 44816 Saint-Herblain Cedex
Anne-Marie Mourer (50 years old)	1/21/2009		GrDF Sud-Est Immeuble VIP 66, rue de la Villette 69425 Lyon Cedex 03
Patrick Petitjean (57 years old)	1/21/2009		GRTgaz 26, rue de Calais 75009 Paris
	Director elected to represent employee shareholders		
Gabrielle Prunet (54 years old)	04/05/2009		Lyonnaise des Eaux Pays basque 15, avenue Charles Floquet BP 87 64202 Biarritz Cedex

7.1.1.4 Term of Office of Directors

The term of office for all Directors is four years expiring at the close of the General Shareholders' Meeting called to approve the previous year's financial statements and held in the year in which the term expires.

Notwithstanding the foregoing, among the Directors in office who were appointed by the General Shareholders' Meeting on July 16, 2008: one director was appointed for a term of two years expiring at the close of the General Shareholders' Meeting to be held in 2010 to approve the 2009 financial statements, and five directors were appointed for a term of three years expiring at the end of the General Shareholders' Meeting to be held in 2011 to approve the 2010 financial statements. The seven remaining directors were appointed for a term of four (4) years expiring at the end of the General Shareholders' Meeting to be held in 2012 to approve the 2011 financial statements.

This time lag in the expiration dates of the terms of directors appointed by the General Shareholders' Meeting allows the Company to comply with the statutory limitation on the size of the Board after a merger within the legal deadline and optimizes the operation of the Board by staggering the replacement/reappointment of directors.

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7.1.1.5 Expiration date of the terms of Directors in office

	2010 General Shareholders' Meeting to approve the 2009 financial statements	2011 General Shareholders' Meeting to approve the 2010 financial statements	2012 General Shareholders' Meeting to approve the 2011 financial statements	2013 General Shareholders' Meeting to approve the 2012 financial statements
Directors appointed by the General Shareholders' Meeting	Etienne Davignon	Albert Frère Edmond Alphandéry Aldo Cardoso René Carron Thierry de Rudder	Gérard Mestrallet Jean-François Cirelli Jean-Louis Beffa Paul Desmarais Jr. Jacques Lagarde Anne Lauvergeon Lord Simon of Highbury	
Directors representing the French State			Jean-Paul Bailly Olivier Bourges Pierre-Franck Chevet Ramon Fernandez Pierre Graff Pierre Mongin	
Directors representing employees				Alain Beullier Anne-Marie Mourer Patrick Petitjean
Director representing employee shareholders				Gabrielle Prunet

7.1.1.6 Information about Directors in office

Directors appointed by the General Shareholders' Meeting

Gérard Mestrallet, born April 1, 1949 in Paris (8th district), is a French citizen

A graduate of the prestigious French engineering school, *École Polytechnique*, and the *École Nationale d'Administration*, Gérard Mestrallet joined Compagnie de SUEZ in 1984 as a Special Advisor. In 1986 he was appointed Senior Executive Vice-President in charge of industrial affairs. In February 1991 he was named Executive Director and Chairman of the Management Committee of Société Générale de Belgique. In 1995, he became Chairman and Chief Executive Officer of Compagnie de SUEZ and in June 1997, Chairman of the SUEZ Lyonnaise des Eaux Executive Board. Former Chairman and Chief Executive Officer of SUEZ, Gérard Mestrallet was appointed Chairman and Chief Executive Officer of GDF SUEZ on July 22, 2008. He is also Chairman of the *Association Paris Europlace* and a member of the Board of the *Institut Français des Administrateurs* (French Institute of Corporate Directors).

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Chairman and Chief Executive Officer	Chairman of the Board of Directors of GDF SUEZ Energy Services, SUEZ Environnement Company*, SUEZ-Tractebel (Belgium), Hisusa (Spain) Vice-Chairman of the Board of Directors of Electrabel (Belgium), Aguas de Barcelona* Director of Saint-Gobain* (France), Pargesa Holding SA* (Switzerland) Member of the Supervisory Board of AXA*	Chairman and Chief Executive Officer of SUEZ* Chairman of the Board of Directors of SUEZ Environnement* (France), Electrabel (Belgium) Vice-Chairman of the Board of Directors of Hisusa (Spain) Director of Crédit Agricole SA* Member of the Supervisory Board of Taittinger

* *Listed companies.*

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Jean-François Cirelli, born July 9, 1958 in Chambéry (Savoie), is a French citizen.

A graduate of the Paris Institut d'Études Politiques and the École Nationale d'Administration, Jean-François Cirelli also holds a law degree. From 1985 to 1995, he held positions in the Treasury Department in the Ministry of Economy and Finance before becoming a technical advisor to the Office of the President of the Republic from 1995 to 1997, then economic advisor from 1997 to 2002. In 2002, he was appointed Deputy Chief of Staff for Prime Minister Jean-Pierre Raffarin, in charge of economic, industrial and labor matters. Former Chairman and Chief Executive Officer of Gaz de France, Jean-François Cirelli was appointed Vice-Chairman, President of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Vice-Chairman, President	Chairman of the Board of Directors of Electrabel (Belgium) Director of GDF SUEZ Energy Services, SUEZ Environnement Company* (France), SUEZ-Tractebel (Belgium) Member of the Supervisory Board of Vallourec*	Chairman and Chief Executive Officer of Gaz de France* President of the Gaz de France Corporate Foundation Director of Neuf Cegetel* Member of the Supervisory Board of Atos Origin*

* *Listed companies.*

Albert Frère, born February 4, 1926 in Fontaine-l'Evêque (Belgium), is a Belgian citizen.

While still quite young, Albert Frère took an active role in his family's business before focusing on a career in industry. With his partners, he acquired control of all steel companies in the Charleroi basin, diversifying production while simultaneously upgrading their facilities. In 1981, in association with a group of businessmen, he founded Pargesa Holding in Geneva. The following year, the company acquired an interest in Groupe Bruxelles Lambert SA (GBL), in Brussels. With the creation of the Pargesa-GBL investment empire, its operations became international and it diversified into three key areas: finance, energy/services and communications (broadcasting). Former Vice-Chairman and Director of SUEZ, Albert Frère was appointed Director of GDF SUEZ on July 16, 2008 and Vice-Chairman on December 17, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Vice-Chairman of the Board of Directors	Honorary Regent of the National Bank of Belgium* Chairman of the Board and Managing Director of Groupe Bruxelles Lambert* (Belgium) Chairman of the Board of Directors of ERBE, Frère-Bourgeois, Financière de la Sambre, FINGEN SA (Belgium), Stichting Administratiekantoor Frère-Bourgeois (Netherlands) Vice Chairman, Executive Director and member of the Management Committee of Pargesa Holding SA* (Switzerland) Chairman of the Supervisory Board of Métropole Télévision M6* Honorary Chairman of the Chamber of Commerce and Industry of Charleroi (Belgium) Director of LVMH*, Chateau Cheval Blanc, Raspail Investissements (France) Permanent Representative of Frère-Bourgeois, Manager of GBL Verwaltung SARL (Luxembourg) Permanent representative of Beholding Belgium SA on the Board of Directors of Groupe Arnault Member of the International Committee of Assicurazioni Generali S.p.A.* (Italy) Member of the Board of Directors of the Université du Travail Paul Pastur (Belgium) Member of the Strategy Planning Board of the Committee of the Université Libre of Bruxelles (Belgium) Honorary International Trade Advisor (Belgium)	Vice-Chairman of the Board of Directors of SUEZ* Director of Gruppo Banca Leonardo (Italy) Member of the International Advisory Board of Power Corporation of Canada*

* *Listed companies.*

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Edmond Alphandéry, born September 2, 1943 in Avignon (Vaucluse), is a French citizen.

Edmond Alphandéry is a graduate of the *Institut d'Études Politiques de Paris* and a qualified lecturer (*agrégé*) in economics. He is Professor Emeritus at the University of Paris II. He served as mayor of Longue-Jumelles and member of the Maine-et-Loire departmental council until 2008. He chaired the Supervisory Board of CNP from 1988 to 1993 and was Chairman of *Électricité de France* from 1995 to 1998. Since July 1998, he has again served as Chairman of the Supervisory Board of CNP Assurances. In addition, he has been a Director of Calyon since 2002 and a Director of Icade since 2004. Since June 2003, he has been Chairman of the *Centre National des Professions Financières* (Regional Center for Financial Professions). Former Director of SUEZ, Edmond Alphandéry was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Ethics, Environment and Sustainable Development Committee on July 22, 2008. He was appointed to the GDF SUEZ Audit Committee on July 8, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Chairman of the Ethics, Environment and Sustainable Development Committee Member of the Audit Committee	Chairman of the Board of Directors of CNP Assurances* Chairman of CNP International Director of Calyon, Icade, (France), Caixa Seguros (Brazil), CNP Vita (Italy) Chairman of the Centre National des Professions Financières Member of the Nomura Securities (Great Britain) European Advisory Panel	Chairman of the Supervisory Board of CNP Assurances* Director of Affiches Parisiennes, a publishing company, and SUEZ* Member of the European Advisory Board of Lehman Brothers

* *Listed companies.*

Jean-Louis Beffa, born August 11, 1941 in Nice (Alpes-Maritimes), is a French citizen.

A graduate of the *École Polytechnique* and Chief Engineer in the *Corps des Mines* (elite civil service corps), Jean-Louis Beffa also holds degrees from the *École Nationale Supérieure du Pétrole* and the *Institut d'Études Politiques de Paris*. He began his career in the Fuels Division of the French Ministry of Industry as an Engineer and later became Head of the Refining Department and Deputy Director of the Division. In 1974, he joined Compagnie de Saint-Gobain as Vice-President, Corporate Planning. Chief Executive Officer and subsequently Chairman and Chief Executive Officer of Pont-à-Mousson, he also served concurrently as President of the Pipe and Mechanics Division of Saint-Gobain, from 1979 to 1982. M. Beffa served as Chairman and Chief Executive Officer of Saint Gobain from January 1986 to June 2007, after having served as the group's Chief Executive Officer since March 1982. He is also Co-Chairman of the Cournot Centre for Economic Studies. Former Director of Gaz de France, Jean-Louis Beffa was appointed Director of GDF SUEZ on July 16, 2008 and member of the Nominations Committee and the Compensation Committee of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Chairman of the Nominations Committee Member of the Compensation Committee	Chairman of the Board of Directors of Saint-Gobain* Vice-Chairman of the Board of Directors of BNP Paribas* Vice-Chairman of the Supervisory Board of the Fonds de Réserve des Retraites (pension fund) Chairman of Claude Bernard Participations Director of Groupe Bruxelles Lambert* (Belgium), Saint-Gobain Corporation (USA) Member of the Supervisory Board of Le Monde, Le Monde Publishing Company, Le Monde et Partenaires Associés (France), Siemens AG* (Germany)	Chairman and Chief Executive Officer of Saint-Gobain* Director of Gaz de France,* Saint-Gobain Cristaleria (Spain) Permanent representative of Compagnie de Saint-Gobain on the Board of Directors of Saint-Gobain PAM

* *Listed companies.*

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Aldo Cardoso, born March 7, 1956 in Tunis (Tunisia), is a French citizen.

A graduate of the *École Supérieure de Commerce de Paris*, Aldo Cardoso holds a Master's Degree in Business Law and is a Certified Public Accountant. From 1979 to 2003, he held several successive positions at Arthur Andersen, including Consultant, Partner (1989), President France (1994), member of the Board of Andersen Worldwide (1998), Chairman of the Board (non-executive) of Andersen Worldwide (2000) and Chief Executive Officer of Andersen Worldwide (2002-2003). Since 2003, he has served as Director of French and foreign companies. Former Director of Gaz de France, Aldo Cardoso was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Audit Committee of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Audit Committee Chairman	Director of Accor*, Bureau Veritas*, Gecina* Imerys*, Rhodia* (France), Mobistar* (Belgium) Non-voting Director of AXA Investment Managers	Director of AXA Investment Managers*, Gaz de France*, Penauilles Polyservices*, Orange* Non-voting Director of Bureau Veritas*

* *Listed companies.*

René Carron, born June 13, 1942 in Yenne (Savoie), is a French citizen.

Rene Carron is a farm operator in Yenne and has held a variety of elected offices in the Savoie region. In 1981, he joined the Crédit Agricole group. In 1992, he became Chairman of *Caisse Régionale de la Savoie*, which became *Caisse Régionale des Savoie* after its merger with *Caisse de Haute-Savoie* in 1994. In 1995, he became an officer of the *Fédération Nationale du Crédit Agricole*, serving as Chairman from July 2000 to April 2003, and subsequently as Vice-Chairman. In December 2002, he was appointed Chairman of the Board of Directors of Crédit Agricole SA. Former Director of SUEZ, René Carron was appointed Director of GDF SUEZ on July 16, 2008 and member of the Nominations Committee of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Member of the Nominations Committee	Chairman of the Board of Directors of Crédit Agricole SA* Chairman of Caisse Régionale de Crédit Agricole des Savoie, Confédération Internationale du Crédit Agricole (CICA), Fondation pour l'Agriculture et la Ruralité dans le Monde (FARM), Grameen Crédit Agricole Microfinance Foundation Vice-Chairman of Confédération Nationale de la Mutualité de la Coopération and Crédit Agricole (CNMCCA), Fédération Nationale du Crédit Agricole Director of Crédit Agricole Solidarité et Développement, Fondation du Crédit Agricole Pays de France, SACAM Participations, SCICAM (France), Fiat SpA* (Italy) Member of the Supervisory Board of Lagardère* Member of Management Committee of GIE GECAM	Chairman of the Caisse Locale Crédit Agricole de Yenne, GIE GECAM Director, Vice-Chairman of Banca Intesa (Italy) Director of Rue Impériale, SAS SAPACAM, Sofinco, SUEZ* Member of the Supervisory Board of Eurazeo Crédit Agricole Permanent Representative on the Board of Directors of Fondation de France

* *Listed companies.*

Etienne Davignon, born October 4, 1932 in Budapest (Hungary), is a Belgian citizen.

Etienne Davignon served, successively, in Belgium as *Attaché* to the Minister of Foreign Affairs (1964-1969), Chairman of the Management Committee of the International Energy Agency (1974-1977), and Vice-President of the European Commission (1977-1985). In 1985, he joined *Société Générale de Belgique*, where he served as Chairman from April 1988 to February 2001, and Vice-Chairman until Société Générale de Belgique merged with Tractebel on October 31, 2003. He then became Vice-Chairman of SUEZ-Tractebel. He was named Minister of State on January 26, 2004. Former Director of SUEZ, Etienne Davignon was appointed Director of GDF SUEZ on July 16, 2008 and member of the Nominations Committee and the Compensation Committee of GDF SUEZ on July 22, 2008.

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Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Member of the Nominations Committee Member of the Compensation Committee	Chairman of Compagnie Maritime Belge*, Compagnie des Wagons-Lits, Recticel*, SN Airholding (Belgium) Vice-Chairman of SUEZ-Tractebel (Belgium) Director of Sofina SA* (Belgium), Gilead* (USA)	Vice-Chairman of Accor* (France), Fortis*, Umicore*, Sibeka (Belgium) Director of Accor*, SUEZ* (France), BASF* (Germany), Cumerio*, Biac, Real Software*, SN Brussels Airlines, Solvay* (Belgium)

* *Listed companies.*

Paul Desmarais Jr., born July 3, 1954 in Sudbury, Ontario (Canada), is a Canadian citizen.

Paul Desmarais Jr. studied at McGill University in Montreal and then at INSEAD in Fontainebleau (France). He holds a Master's Degree in Administration. In 1984, he was appointed Vice-Chairman of Power Financial Corporation, a company he helped to create. He became Chairman of the Corporation's Board in 1990, Chairman of the Executive Committee in May 2005 and Co-Chairman of the Board in May 2008. He was appointed Chairman of the Board and Co-CEO of Power Corporation of Canada in 1996. Former Director of SUEZ, Paul Desmarais Jr. was appointed Director of GDF SUEZ on July 16, 2008 and a member of the Nominations Committee and member of the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Member of the Nominations Committee Member of the Compensation Committee	Chairman and Co-CEO of Power Corporation of Canada* Co-Chairman of Power Financial Corporation* (Canada) Vice-Chairman of the Board of Directors and Executive Director of Pargesa Holding SA* (Switzerland) Director and Member of the Management Committee of Great-West Lifeco Inc.* and its principal subsidiaries and of IGM Financial Inc.* (Canada) and its principal subsidiaries Director and member of the Permanent Committee of Groupe Bruxelles Lambert* (Belgium) Director of Lafarge*, Total* Member of the International Board, the Board of Directors and the Audit Committee of INSEAD Chairman of the International Advisory Board of HEC (Canada) Chairman of the Advisory Committee of Sagard Private Equity Partners	Vice-Chairman of the Board of Imerys* Director of SUEZ* Member of the International Advisory Board of Groupe La Poste Member of the International Advisory Board of Merrill Lynch

* *Listed companies.*

Jacques Lagarde, born May 2, 1938 in Rennes (Ille-et-Vilaine), holds dual French-US citizenship.

Jacques Lagarde is a graduate of the French business school HEC and of Harvard Business School. He has been Director of the Lyon Business School, Chief Executive Officer of Gillette France, President of Oral-B Laboratories (USA), Chairman of the Executive Board of Braun AG (Germany), Chairman of the Supervisory Board of Braun AG and Executive Vice-President of the Gillette Company (USA). Former Director of SUEZ, Jacques Lagarde was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Strategy and Investments Committee and member of the Audit Committee on July 22, 2008.

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Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director **Chairman of the Strategy and Investments Committee**	None	Director of SUEZ* (France), Eukarion (USA) Member of the Supervisory Board of Braun AG (Germany)

* *Listed companies.*

Anne Lauvergeon, born August 2, 1959 in Dijon (Côte d'Or), is a French citizen.

Chief Engineer in the *Corps des Mines* (elite civil service corps), graduate of the *École Normale Supérieure*, and qualified lecturer (*agrégée*) in physical sciences, Anne Lauvergeon held a number of positions in the industrial sector before being named Assistant Secretary General to the French Republic President's Office in 1990 and the French President's emissary for the organization of international summits (G7). In 1995, she was appointed Managing Partner of Lazard Frères et Cie. From 1997 to 1999, she was Executive Vice-President and member of the Executive Committee of Alcatel in charge of industrial holdings. Anne Lauvergeon has been Chair of the Executive Board of Areva since July 2001 and Chair and Chief Executive Officer of Areva NC (formerly Cogema) since June 1999. Former Director of SUEZ, she was appointed Director of GDF SUEZ on July 16, 2008, member of the Strategy and Investments Committee and member of the Ethics, Environment and Sustainable Development Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director **Member of the Strategy and Investments Committee** **Member of the Ethics, Environment and Sustainable Development Committee**	Chair of the Executive Board of Areva* Chair and Chief Executive Officer of Areva NC (formerly Cogema) Director of Areva Enterprises Inc., Areva T&D Holding SA (USA), Total* (France), Vodafone Group Plc* (UK)	Vice-Chair of the Supervisory Board of Safran SA* Director of SUEZ* Areva Permanent Representative on the Board of Directors of FCI

* *Listed companies.*

Thierry de Rudder, born September 3, 1949 in Paris (8th district), holds dual Belgian-French citizenship.

With a degree in mathematics from the University of Geneva and the *Université Libre de Bruxelles* and an MBA from the Wharton School of Business in Philadelphia, Thierry de Rudder began his career in the United States, joining Citibank in 1975, where he held various positions in New York and Europe. He joined Groupe Bruxelles Lambert in 1986 and is now Executive Director. Former Director of SUEZ, Thierry de Rudder was appointed Director of GDF SUEZ on July 16, 2008 and member of the Audit Committee and the Strategy and Investments Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director **Member of the Audit Committee** **Member of the Strategy and Investments Committee**	Executive Director of Groupe Bruxelles Lambert*, Brussels Securities, GBL Treasury Center, GBL Participations, Sagerpar (Belgium), GBL Energy SARL, GBL Verwaltung Sarl (Luxembourg), GBL Verwaltung GmbH (Germany) Director of Imerys*, Lafarge*, Total* (France), Compagnie Nationale à Portefeuille*, SUEZ-Tractebel (Belgium)	Director of SUEZ*, SI Finance (France), Immobilière Rue de Namur, GBL Finance SA (Luxembourg)

* *Listed companies.*

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Lord Simon of Highbury, born July 24, 1939 in London (Great Britain), is a British citizen.

Lord Simon of Highbury has an MA from Cambridge University and an MBA from INSEAD in Fontainebleau (France). In 1961, he joined British Petroleum, where he occupied a number of management positions before being appointed Chairman in 1995. After holding several ministerial positions from May 1997, he became advisor to the British Prime Minister for government modernization. He was also appointed Advisor to President Prodi for institutional reform within the European Union. He has been a member of the House of Lords since 1997. Former Director of SUEZ, Lord Simon of Highbury was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Chairman of the Compensation Committee	Senior Advisor of Morgan Stanley International (Europe) Chairman of the Advisory Board of Montrose Associates Limited (UK) Deputy Chairman of the Cambridge University Council (UK) Director of Institute of Government (UK) Member of the Advisory Board of Dana Gas International (UAE), Centre for European Reform (UK) Trustee and Chair of the Policy Board, Institute for Strategic Dialogue (UK) Trustee of the Hertie Foundation (Germany), Centre for European Reform (United Kingdom)	Director of SUEZ* Deputy Chairman of Unilever Plc* (UK) Member, International Advisory Board of Fitch (UK) Member of the Advisory Board of LEK (Germany) Member of the Supervisory Board of Volkswagen Group (Germany) Chairman and Trustee of The Cambridge Foundation (UK)

* *Listed companies.*

Directors representing the French government

Jean-Paul Bailly, born November 29, 1946 in Hénin-Liétard (Pas-de-Calais), is a French citizen.

A graduate of the *École Polytechnique* and the Massachusetts Institute of Technology (MIT), Jean-Paul Bailly pursued his career at the RATP (Paris Transport Authority). His successive positions include Director of the Bus Rolling Stock Division, Director of Rail Network Operations (Metro and Paris Regional Transport) and Director of Personnel. In 1990, he was named Deputy Managing Director of RATP and, in 1994, Chairman and CEO. Simultaneously, he has also been a member of the French Economic, Social and Environmental Council since 1995 and Chairman of the International Post Corporation (IPC) since 2006. and Between 1997 and 2001, he served as Chairman of the Union Internationale des Transports Publics (international union for public transport/UITP).

Jean-Paul Bailly has been Chairman of La Poste Group since 2002 and Chairman of the Supervisory Board of *La Banque Postale* since 2006. He was appointed Director representing the French government by ministerial order of July 16, 2008 and as member of the GDF SUEZ Ethics, Environment and Sustainable Development Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Member of the Ethics, Environment and Sustainable Development Committee	Chairman of La Poste Group Chairman of the Supervisory Board of La Banque Postale Director of CNP Assurances*, Accor*, Sopassure, Systar* Member of the Supervisory Board of La Banque Postale Asset Management Permanent Representative of La Poste, Director of Xelian, SF12, Poste Immo, Sofipost and GeoPost	Permanent Representative of La Poste, Director of the Groupement des Commerçants du Grand Var Economic Interest Group (GIE) Permanent Representative of La Banque Postale, Director of SF2 Non-shareholding director of Financière Systra

* *Listed companies.*

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Olivier Bourges, born December 24, 1966, in Auxerre (Yonne), is a French citizen.

A graduate of the *Institut d'Études Politiques de Paris* and *École Nationale d'Administration*, Olivier Bourges was Deputy Head of the National Banking Agency at the French Treasury from 1992 to 1996. From 1996 until June 1998, he served as the French government's representative on the Boards of Directors of the World Bank, IDA, IFC and MIGA. From July 1998 to April 2000, he was Head of the Housing Finance Agency at the French Treasury. From 2000 to 2002, he served as Director of Financial Relations for Renault and as the company's Director of Vehicle Profitability from 2003 to 2005. From 2006 to 2007, he was Vice President, Corporate Planning and Program Management Office for Nissan North America in Nashville (USA). From 2008 to September 2009, he served as Senior Vice President, Director of Group Management Control at Renault. Since September 2009, he has been Deputy CEO at the French Agency for State Holdings.

Olivier Bourges was appointed Director representing the French government by ministerial order on October 5, 2009, Member of the Audit Committee and Member of the Strategy and Investments Committee on November 10, 2009 and Member of the Compensation Committee on December 9, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Member of the Audit Committee Member of the Strategy and Investments Committee Member of the Compensation Committee	Director of Banques Populaires Caisses d'Épargne, Dexia*, Thales*	None

* *Listed company.*

Pierre-Franck Chevet, born September 28, 1961 in Grenoble (Isère), is a French citizen.

A graduate of the *École Polytechnique, l'École Nationale de la Statistique et de l'Administration Économique* (ENSAE), Pierre-Franck Chevet is an Engineer in the *Corps des Mines* (elite civil service corps). From 1986 to 1995, he held various positions at the Ministry of Industry. From 1995 to 1999, he was Regional Director of Industry, Research and the Environment in Alsace, and held the same position in Nord-Pas-de-Calais from 1995 to 2005. At the same time, he served as Director of the *École Nationale des Techniques Industrielles des Mines* in Douai. From 2005 to 2007, he held various positions as an advisor on Industry within the office of the Prime Minister. Since July 2008, he has been Executive Director for Climate and Energy at France's Ministry of Ecology, Energy, Sustainable Development and the Sea.

Pierre-Franck Chevet was appointed Director representing the French government by ministerial order of July 16, 2008 and Member of the Strategy and Investments Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Member of the Strategy and Investments Committee	Executive Director, Climate and Energy at the Ministry of Ecology, Energy, Sustainable Development and the Sea Ex-officio member of the French Interministerial Committee on National Parks Ex-officio member of the French Central Commission for Pressure Vessels Director representing the French government of the French Oil Institute (IFP), the Agency for Environment and Energy Management (ADEME), La Poste Representative of the French government on the Supervisory Board of Société des Participations du CEA (Areva) Government Commissioner with Areva NC, ANDRA, and the French Energy Regulatory Committee (CRE)	None

Ramon Fernandez, born June 25, 1967 in Paris (15th district), is a French citizen.

A graduate of the *Institut d'Études Politiques de Paris* and the *École Nationale d'Administration*, Ramon Fernandez is a senior civil servant.

From 1993 to 1994, he served as Assistant to the Head of Energy, Transportation and Urban Planning, and then, until 1997, as Assistant to the Head of Financial Markets at the French Treasury. From 1997 to 1999, he served as Alternate Executive Director of the International Monetary Fund in Washington, D.C. He returned to the French Treasury and, until 2001, served as Head of Energy, Telecommunications and Raw Materials, followed by Head of Savings and Financial Markets. From May 2002 and October 2003, he was Technical Advisor to the Minister of Economy, Finance and Industry. He then served as Deputy Director of International Financial Affairs, Development and Economic Policy at the Treasury Department until June 2007. From June 2007 to April 2008, he was Economic Advisor to the French President, followed by Chief of Staff for the Minister of Labor, Labor Relations, Family and Solidarity until January 2009. He served as Head of the Economic Finance Department between February and March 2009 and has served as Executive Director of the French Treasury and Economic Policy at the Ministry of Economy, Industry and Employment since March 4, 2009.

Ramon Fernandez was appointed Director representing the French government by ministerial order of March 27, 2009 and member of the Nominations Committee on May 4, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Member of the Nominations Committee	Executive Director of the Treasury at the Ministry of Economy, Industry and Employment Chairman of the Advisory Committee on Legislation and Financial Regulation Chairman of the France Trésor Branch of the Paris Club Member of the Supervisory Committee and Director of the Caisse d'Amortissement de la Dette Sociale Governor for France of the African Development Bank Group Alternate Governor for France of the World Bank Director of the Central Bank of West African States Director representing the French government of CNP Assurances Member of the Supervisory Board of the BPCE bank representing the French government Member of the Supervisory Board of Caisse des Dépôts et Consignations French representative as Alternate Governor on the Board of Governors of the European Bank for Reconstruction and Development	Government Commissioner at the French Financial Markets Authority (AMF) Director of CADES

Pierre Graff, born November 11, 1947 in Paris (15th district), is a French citizen.

A graduate of the *École Polytechnique* and General Engineer of the *École Nationale des Ponts et Chaussées*, Pierre Graff held several positions at the French Departmental Directorate of Infrastructure. Later, he served as Technical Advisor for Road Policy, Road Safety and Transportation at the Ministry of Infrastructure, Housing, Territorial Development and Transportation from 1986 to 1987. From 1987 to 1990, he served as Director of Safety and Road Traffic, Inter-Ministry Delegate for Road Safety, followed by Director of Departmental Infrastructure for the Essonne, from 1990 to 1993. From 1993 to 1995, he was Deputy Chief of Staff to the Minister of Infrastructure, Transportation and Tourism, and from 1995 to 2002, General Director of Civil Aviation. From June 2002 to September 2003, he was Chief of Staff to the Minister of Infrastructure, Transportation, Housing, Tourism and Maritime Affairs. He was named Chairman of the state-owned Aéroports de Paris in September 2003, and then Chairman and, subsequently, Chief Executive Officer of the privatized Aéroports de Paris in July 2005. Pierre Graff was appointed Director representing the French government by ministerial order of July 16, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director	Chairman and Chief Executive Officer of Aéroports de Paris* Director of MEDEF (employers' association) Paris Member of the French Economic, Social and Environmental Council Deputy Chairman of the European and international Issues Section of the French National Tourism Board Director of RATP, SOGEPA (a management company that holds the French government's shares in the aircraft manufacturer EADS) and SOGEADE Gérance (an Asset Management Company for aviation, defense and space holdings and SOGEPA subsidiary) Member of the Supervisory Board of NV Schiphol (Netherlands)	Member of the French National Committee for Sectors of Vital Importance

* *Listed companies.*

Pierre Mongin, born August 9, 1954, in Marseille (8th district) is a French citizen.

Chairman and CEO of RATP (Paris Transport Authority) since July 2, 2006, Pierre Mongin has devoted much of his career to prefectural administration and ministerial offices.

After obtaining a Master's degree in of Economics from the *Université de Paris I* and a degree in Political Science (*Sciences Po*), Paris, he went on to the prestigious *École Nationale de l'Administration*, graduating in 1980. He served as Assistant Prefect three times from 1980 to 1984 in the French départements of Ain, Ariège and Yvelines. In 1984, he joined the Ministry of the Interior as a Technical Advisor for the National Police. In 1986, he was appointed as an Advisor to the Minister of the Interior for local authorities and Deputy Chief of Staff for the Ministry of Local Authorities. He spent the next five years with the *Préfecture de Police* (Police Headquarters) in Paris, in charge of administrative and financial affairs and relations with the Council of Paris. In 1993, he became Chief of Staff for Prime Minister Edouard Balladur and Advisor for French Overseas Departments and Territories. He was appointed Prefect in April 1993 and subsequently served in two departements, Eure-et-Loir and Vaucluse, from 1995 to 1999. He served as Prefect of the Auvergne and Prefect of the Puy-de-Dôme regions from 2002 to 2004. In 2004, he was appointed Chief of Staff for the Minister of the Interior, then Chief of Staff for Prime Minister Dominique de Villepin in 2005.

Pierre Mongin was appointed as a Director representing the French government by ministerial order of November 9, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director	Chairman and Chief Executive Officer of RATP Director of TRANSDEV and TRANSDEV Financial	None

Directors representing employees and employee shareholders

Alain Beullier, born March 26, 1964 in Laval (Mayenne), is a French citizen.

He joined EDF-GDF in 1984, holding various positions in the Customer Service and Sales Advisory departments in several EDF-GDF service centers in the Paris region. He is currently an employee of Elengy, responsible for monitoring environmental regulations. Alain Beullier was named Director representing the "other employees" category by employee vote on December 18, 2008.

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Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Sponsored by the Chemical Energy Federation - CFDT trade union	None	Employee Representative Trade Union Representative Member of CHSCT (labor committee on workplace health, safety and working conditions) Trade Union Officer

Anne-Marie Mourer, born April 20, 1959 in Clermont-Ferrand (Puy-de-Dome), is a French citizen.

With a master's degree in economic sciences and a diploma in advanced marketing studies, Anne-Marie Mourer joined EDF-GDF Services in 1982, where she held a series of management positions within the sales departments of the Grand Velay, Indre-en-Berry and Loire centers. In 1992, she joined the commercial support and assistance group in Lyons to conduct appraisal activities as an in-house marketing consultant. From 1996 to 2001, she headed up Direct Energie, a direct marketing pilot unit within the Gas Sales Department. In the Gaz de France Sales Department, she was responsible for directing the marketing entity for the Southeast Region from 2002 to late 2003. In early 2004, she joined the new *Gestionnaire de Reseaux Gaz* (gas network management), where she handled support and management duties for the Development department in the Rhone-Alpes-Bourgogne region. In 2007, she was appointed program manager to assist with the switchover and provide commercial expertise within GrDF, the new gas distribution subsidiary, in anticipation of the transition to a free market system for individual customers.

Anne-Marie Mourer was elected Director representing employees in the "engineers, executives and equivalent" category by employee vote on January 20, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director **Member of the Ethics, Environment and Sustainable Development Committee** Sponsored by the Federation of Electrical and Gas Industries - CFE-CGC trade union	None	Director of Gaz de France*, GrDF

* *Listed companies.*

Patrick Petitjean, born August 23, 1952, in Saint-Dizier (Haute-Marne), is a French citizen.

After completing his secondary education in Nancy, France, Patrick Petitjean began his career in the printing industry. He joined Gaz de France in 1997, working for the Transportation Division of GGRP (Groupe Gazier de la Région Parisienne).

From 1983 to 1990, he held various roles within the technical and operating division of Gennevillers. He was a Trade Union Representative from 1990 to 1994 and then worked as a Technical Agent. Since 2000, he has been a Manager of internal resources (real estate, vehicles, IT and transmission) for the Val-de-Seine region of GRTgaz.

Patrick Petitjean was named Director representing the "other employees" category by employee vote on December 18, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Sponsored by the National Federation of Employee Unions in the Energy, Electrical Nuclear and Gas Industries - CGT trade union	None	Director of GRTgaz

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Gabrielle Prunet, born December 5, 1955, in Biarritz (Pyrenees-Atlantiques), is a French citizen.

Gabrielle Prunet joined the accounting department of *Lyonnaise des Eaux Biarritz* 34 years ago. She is a member of the Works Council, where she served as treasurer for many years. For 20 years, she managed the IT department of the Customer Billing and Collection Division. She currently works in the Reporting Department.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Director Sponsored by the Federation of Public Utilities - CGT trade union	Chair of the Supervisory Board of the SPRING funds	None

7.1.1.7 Number of GDF SUEZ shares and stock options held by Directors in office

	Number of shares	Number of stock options
Gérard Mestrallet	56,332	1,934,302
Jean-François Cirelli	4,272	0
Albert Frère	1,911	-
Edmond Alphandéry	2,142	-
Jean-Paul Bailly	*	-
Jean-Louis Beffa	4,200	-
Alain Beullier	51	-
Olivier Bourges	*	-
Aldo Cardoso	1,000	-
René Carron	3,360	-
Pierre-Franck Chevet	*	-
Étienne Davignon	10,638	33,727
Paul Desmarais Jr.	2,121	-
Ramon Fernandez	*	-
Pierre Graff	*	-
Jacques Lagarde	6,807	-
Anne Lauvergeon	2,184	-
Pierre Mongin	*	-
Anne-Marie Mourer	51	-
Patrick Petitjean	101	-
Gabrielle Prunet	*	-
Thierry de Rudder	2,189	-
Lord Simon of Highbury	1,911	-

* *The statutory requirement to hold at least 50 shares in the company does not apply to Directors representing the French government or to the Director representing employee shareholders.*

7.1.1.8 Independence of Directors in office

As of the date of this Reference Document, the GDF SUEZ Board of Directors comprises of twenty three Directors in office, including seventeen French Directors, four non-French Directors and two Directors with dual nationality (French and other).

Article 1.1.2 of the Internal Regulations requires the Board to review the independence and status of each of its members, based on criteria determined by the Board. This review must be conducted annually, prior to the General Shareholders' Meeting held to approve the financial statements for the previous fiscal year. The process of assessing the independence of each member of the Board of Directors was reviewed on February 22, 2010 by the Nominations Committee, and, on March 3, 2010, by the Board of Directors, which made the following decisions:

The Board drew on the following recommendations of the AFEP-MEDEF, with reference to its classification principles:

To be considered as independent, a Director must:

- not be an employee or officer of the company or an employee or Director of the parent company or of a company within its scope of consolidation and must not have been so during the last five years;
- not be the officer of a company in which the Company holds, directly or indirectly, a Directorship or in which an employee appointed as a director or an officer (currently in office or in office within the last 5 years) holds a directorship;
- not be (or not be related to, directly or indirectly) a customer, supplier or corporate or investment banker of significance to the company or its group, a significant share of whose business is provided by the company or group;
- have no close family ties with a corporate officer;
- not have served as an auditor of the Company' during the previous five (5) years (Article L. 225-25 of the French Commercial Code);
- not have been a director of the Company for more than 12 years (as a practical matter, a Director loses his/her independent status under this criterion only upon the expiration of the term of office in which the 12-year limit is exceeded).

Directors representing major shareholders of the Company or its parent company may be considered independent provided that they do not exercise control over the company. If a Director exceeds a threshold of 10% of the capital or voting rights, the Board, based on the Nominations Committee's report, must systematically review the independent status of the Director(s) concerned, taking into account the structure of the Company's capital and whether or not there may be conflicts of interest.

The AFEP-MEDEF's recommendations expressly state that the Board may decide that a given criterion is not relevant or requires an interpretation specific to the Company. For instance, the Board of Directors may conclude that although a Director meets the criteria above, he/she does not qualify as independent in view of his/her particular circumstances or the situation of the Company, relating to its shareholding structure or for any other reason. Conversely, the Board may decide that a Director who does not strictly meet the criteria for independence nonetheless qualifies as independent.

The Board also considered other interpretations published by various international governance organizations:

The Board referred first to the ISS Governance Services' publication of June 27, 2008 concerning the former SUEZ Group, in anticipation of the July 16, 2008 Annual Shareholders' Meeting regarding the merger, with particular focus on the section regarding governance of the future GDF SUEZ Group.

The Board also considered the European Commission's analysis in its recommendations of February 15, 2005 regarding, "the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board" 2005/162/EC). Article 13.1 of these recommendations provides that: "A director should be considered independent only if he or she is free of any business, family or other relationship—with the company, its controlling shareholder or the management of either—that creates a conflict of interest such as to impair his or her judgment".

Last, the Board drew on the work of the OECD described in the report on the "Methodology for Assessing the Implementation of the OECD Principles of Corporate Governance" (December 1, 2006), particularly Principle VI.E ("The board should be able to exercise objective independent judgment on corporate affairs") and its sub-principle (Principle VI.E.1: "The Board should consider assigning a sufficient number of non-executive board members capable of exercising independent judgment to tasks where there is a potential for conflicts of interest"). Of particular interest is the excerpt from paragraph 315 (Principle VI.E), which refers to the presence of independent directors, which must "not be employed by the company or its affiliates and not be closely related to the company or its management through significant economic, family or other ties".

Based on the above, the Board of Directors of GDF SUEZ examined the circumstances of each Director on a case-by-case basis and unanimously decided to describe the situation as follows:

MEMBERSHIP OF THE BOARD OF DIRECTORS AT MARCH 3, 2010

		Directors in office deemed to be	
		Independent "I"	Non-Independent "NI"
Gérard Mestrallet	Chairman and Chief Executive Officer		NI - Executive
Jean-François Cirelli	Vice-Chairman and President		NI – Executive
Albert Frère	Vice-Chairman	I[a]	
Edmond Alphandéry	Director	I[h]	
Jean-Paul Bailly	Director		NI[b]
Jean-Louis Beffa	Director	I[e]	
Alain Beullier	Director		NI[c]
Olivier Bourges	Director		NI[b]
Aldo Cardoso	Director	I[d]	
René Carron	Director	I[d]	
Pierre-Franck Chevet	Director		NI[b]
Étienne Davignon	Director	I[f][g]	
Paul Desmarais Jr.	Director	I[a]	
Ramon Fernandez	Director		NI[b]
Pierre Graff	Director		NI[b]
Jacques Lagarde	Director	I[g]	
Anne Lauvergeon	Director	I[d]	
Pierre Mongin	Director		NI[b]
Anne-Marie Mourer	Director		NI[c]
Patrick Petitjean	Director		NI[c]
Gabrielle Prunet	Director		NI[c]
Thierry de Rudder	Director	I[a][f]	
Lord Simon of Highbury	Director	I[h]	
TOTAL	**23 DIRECTORS**	**11 INDEPENDENT**	**12 NON-INDEPENDENT**

The Board of Directors of GDF SUEZ is composed of 23 directors, including 11 deemed to be independent and 12 who are not, because Executive Directors and Directors representing the French State and the Company's employees are not considered as such:

a) Albert Frère, Thierry de Rudder (also see point f) below) and Paul Desmarais Jr., who represent the Groupe Bruxelles Lambert in its capacity as shareholder of GDF SUEZ with a 5.2% share capital (at end- February 2010), are deemed to be independent, as they do not exercise control over the Company (GBL owns less than 10% of GDF SUEZ's share capital).

b) Jean-Paul Bailly, Olivier Bourges, Pierre-Franck Chevet, Ramon Fernandez, Pierre Graff, and Pierre Mongin, who are all officials of and appointed by the French State, are not considered independent.

c) Alain Beullier, Anne-Marie Mourer and Patrick Petitjean, who are Directors employed by the Company or its subsidiaries, as well as Ms.Gabrielle Prunet, Director representing employee shareholders are not considered independent.

d) It should be noted that GDF SUEZ maintains business relationships with the Crédit Agricole Group, represented on GDF SUEZ's Board of Directors by René Carron, as it obviously does with other banks. The Board of Directors found that the business ties currently existing with the Crédit Agricole Group, which is not a shareholder of the GDF SUEZ Group, whereas it held a stake in the former SUEZ Company) were not sufficient to create, in the meaning of the European Commission's recommendations, "a conflict of interest such as to impair (its) judgment" (paragraph 13.1.), providing that it undertakes to abstain from participating in the (i) preparation, solicitation or

provision of services offered by the bank to the Company and (ii), as the case may be, any discussions or deliberations within a committee or the Board on an issue that relates to the Credit Agricole Group in any way.

It should also be noted that GDF SUEZ has business relationships with Rhodia (of which Aldo Cardoso is a Director) and Imerys (of which Aldo Cardoso as well as Thierry de Rudder are Directors). The Board of Directors found that these business ties were for from being significant enough to create a conflict of interest likely to affect the independence of M. Cardoso and M. de Rudder.

The Group also does business with Areva, represented by Ms. Anne Lauvergeon. It is to be noted that ISS Governance Services classified Ms. Lauvergeon as an independent Director. Additionally, the Board of Directors deemed that the business ties with Areva were not sufficient to create, according to the European Commission's recommendations, "a conflict of interest such as to impair (its) judgment " (paragraph 13.1.), subject to the obligations referred to below. However, these obligations notwithstanding, should changes in these business relationships over the next year so require, the Board will review Ms. Lauvergeon's situation in advance.

e) Mr. Jean-Louis Beffa, a Director of GDF SUEZ and Chairman of its Nominations Committee, is also Chairman of Saint-Gobain's Board of Directors, of which Gérard Mestrallet is a member. Under the AFEP-MEDEF recommendations, these overlapping directorships could disqualify both Directors. More specifically, Mr. Jean-Louis Beffa would not qualify for independent status (Gérard Mestrallet is not deemed to be independent). However, the Board of Directors of GDF SUEZ took into account the fact that M. Beffa no longer holds an executive position within Saint-Gobain and that M. Mestrallet no longer participates in any of the company's specialized committees. M. Beffa's classification as an independent Director therefore meets the criteria set out by the OECD, as described above (Principle VI.E.1): "The Board should consider assigning a sufficient number of non-executive board members capable of exercising independent judgment to tasks where there is a potential for conflicts of interest."

Nevertheless, with regard to cases (d) and (e), the Board has decided that, to preserve the objectivity of the Directors concerned, if the Board were to be presented with a project with any kind of tie to the Credit Agricole group, Areva, Rhodia and Imerys, or the Saint-Gobain group, Ms. Lauvergeon and Messrs. Carron, Cardoso, de Rudder and Beffa would not be permitted to participate in discussions and deliberations within the Board and/or the relevant Committee relating to the above companies.

In the specific case of Mr. Beffa, this obligation covers all discussions and deliberations relating to contractual relationships between the Group and industrial electricity consumers in France.

In the specific case of Ms. Lauvergeon, this obligation will apply to any discussions or deliberations relating to the Group's nuclear activities (particularly the operation of the Belgian nuclear power plants, proposals for the construction of new plants or the selection of Group suppliers in the nuclear field).

The Directors concerned have undertaken to obey these rules of conduct, in accordance with Article 5 of the Directors' Charter.

f) Messrs. Étienne Davignon and Thierry de Rudder are also members of the Board of Directors of SUEZ-Tractebel, a wholly-owned subsidiary of Electrabel, which is a wholly-owned subsidiary of GDF SUEZ. Although the principles adopted by the AFEP-MEDEF would prevent classifying the Director concerned as independent, the Board of Directors noted that neither the European Commission - which refers only to membership on the controlling company's Board - nor the OECD - which only mentions employment by an affiliate - would do so. The Board of Directors therefore decided that Messrs. Davignon and Rudder's membership on SUEZ-Tractebel's Board does not alter their status as independent Directors on the Board of GDF SUEZ.

g) Up until the Gaz de France-SUEZ merger date, Messrs. Étienne Davignon and Jacques Lagarde had, for more than 12 years, been members of the Board of Directors of the former SUEZ SA or of companies that previously belonged to the SUEZ Group. Since the Gaz de France-SUEZ merger, the scope of operations of the merged Group, of which Messrs. Davignon and Lagarde are Directors, has changed considerably. In any case, SUEZ SA ceased to exist following the merger and in legal terms, former Directors of SUEZ SA who serve on the Board of Directors of GDF SUEZ SA are performing their duties for a new company, some of whose executives have also changed. As a result, although the Directors include members who have held office on the Board of SUEZ SA for more than 12 years, and although the Chairman and Chief Executive Officer of the new merged group has not changed, the Board also found that considerable weight should be given to the criteria of "knowledge, judgment and experience required to complete tasks properly" (Article 11.1 of the European Commission's recommendations) when deciding on the independence of Messrs. Davignon and Lagarde.

h) The Board of Directors of GDF SUEZ specified that the situations of Lord Simon of Highbury (Chairman of the Compensation Committee) and M. Alphandéry (Chairman of the Ethics, Environment and Sustainable Development Committee) complied with the principles allowing them to qualify as independent.

To GDF SUEZ's knowledge, there are no potential conflicts of interests between the Board members' duties with regard to GDF SUEZ and their private interests and/or other duties.

There are no family ties between the members of the Board of Directors and GDF SUEZ's other main senior managers.

To GDF SUEZ's knowledge, during the past five years, none of the members of the Board of Directors or senior managers of GDF SUEZ has been convicted of fraud, served as manager or Director in a bankruptcy, receivership or liquidation situation, been subject to indictment and/or official public sanction issued by a statutory or regulatory authority or been prevented by a court from serving as a member of the management body or supervisory board of an issuer nor from participating in the management or oversight of the business of an issuer.

In addition to the provisions of the French Commercial Code which govern regulated agreements, the Directors' Charter (see Sections 7.2 and 7.5.1 below) provides that each Director must make every effort to avoid any conflict that may exist between his/her moral and material interests and those of the Company, must inform the Board of any conflict of interest in which he/she may be directly or indirectly involved and, where he/she cannot avoid the conflict of interest, must abstain from participating in discussions and voting on any decision concerning such matters.

Furthermore, no loans or guarantees have been granted to or on behalf of members of the Company's boards or management.

For the sake of transparency and public disclosure, GDF SUEZ undertakes to maintain a high level of discipline with regard to internal control, upholding high standards with regard to financial information, and dealing directly and openly with investors. When addressing these issues, GDF SUEZ refers to the recommendations of the AFEP-MEDEF, primarily the AFEP-MEDEF Code, to the extent that the legislative and regulatory provisions apply to the Company. The application of corporate governance rules, in compliance with said legislative and regulatory principles, is intended to prevent the abuse of power by the majority shareholder. These principles underlie the GDF SUEZ Board of Directors' Internal Regulations and Directors' Charter. The Group will also maintain high standards in terms of corporate governance, particularly with regard to the independence and global representation of its Directors.

All financial information provided by the Group is available in French and English on the GDF SUEZ website (http://www.gdfsuez.com/).

7.1.2 NON-VOTING DIRECTORS

Article 13.8 of the bylaws provides for General Shareholders' Meeting to appoint one or more non-voting Directors. Non-voting Directors participate in meetings of the Board of Directors in an advisory capacity. Their term of office is four years, expiring at the close of the Ordinary General Shareholders' Meeting to approve the financial statements of the past fiscal year and held in the year in which the term expires.

Non-voting directorships are currently held by Richard Goblet d'Alviella and Philippe Lemoine, who were appointed by the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008 and whose biographies and lists of directorships and offices held are provided below.

Richard Goblet d'Alviella, born July 6, 1948 in Brussels (Belgium), is a Belgian citizen.

Richard Goblet d'Alviella holds a Masters' Degree in Business Engineering from the *Université Libre de Bruxelles* and an MBA from Harvard Business School. He has a background in investment banking, specializing in international finance, both in London and New York, for 15 years. He was Managing Director of the Paine Webber Group before joining Sofina, where he has been Vice-Chairman, Executive Director since 1989.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Non-voting director	Vice-Chairman, Executive Director of Sofina* (Belgium) Executive Director of Union Financière Boël, Société de Participations Industrielles (Belgium) Member of the Supervisory Board of Eurazeo* Director of Danone* (France), Caledonia Investments (UK) Director of Delhaize*, Henex*, SUEZ-Tractebel (Belgium)	Director of ADSB Telecommunications (Belgacom), Finasucre, Glaces de Moustier* (Belgium), SES Global (Luxembourg), Danone Asia Pte (Singapore), SUEZ*

* *Listed companies.*

Philippe Lemoine, born November 3, 1949 in Neuilly-sur-Seine (Hauts-de-Seine), is a French citizen.

A graduate of the *Paris Institut d'Études Politiques* (Public Service), Philippe Lemoine completed postgraduate studies in economics, obtained a law degree, and successfully passed the competitive examination in civil law for outstanding students. In 1970, he launched his career as research engineer at INRIA, (*Institut National de Recherche Informatique et en Automatique* – national institute for IT and automation research). In 1976, he joined the Ministry of Industry (Information Systems), where he helped draft the Nora-Minc report on the growth of the information society. He then joined the ministerial cabinets of Norbert Ségard and Pierre Aigrain, before becoming Government Commissioner at the CNIL (French National Data Protection and Privacy Commission), where he headed up a variety of programs for the Minister of Research, Laurent Fabius, and the Prime Minister, Pierre Mauroy. In 1984 he joined the Galeries Lafayette group. He was appointed Co-Chairman of its Management Board in 1998, a position he held until May 2005. Philippe Lemoine is currently Chairman and Chief Executive Officer of LaSer, a service company owned in equal parts by the Galeries Lafayette and BNP Paribas groups.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Non-voting director	Chairman and Chief Executive Officer of LaSer, Chairman of LaSer Cofinoga, Grands Magasins Galeries Lafayette and Banque Sygma Director of Monoprix and BNP Paribas Personal Finance Member of the Supervisory Board of BHV Chairman of the Fondation Internet Nouvelle Génération, and the Forum d'Action Modernités Co-Manager of GS1 France Director of La Poste, Maison des Sciences de l'Homme, Coe-Rexecode, the French American Foundation, and 104	Co-Chairman of the Management Board of Galeries Lafayette Group Director of La Poste, Gaz de France* Member of the CNIL

* *Listed companies.*

7.1.3 GOVERNMENT COMMISSIONER

The Government Commissioner is appointed to the Company by the Minister of Ecology, Energy, Sustainable Development and the Sea, by decree, pursuant to Article 24.2 of Law No. 2004-803 of August 9, 2004 as amended by Law No. 2006-1537 of December 7, 2006 relating to the energy sector. The role of the Government Commissioner is to attend meetings of the Board of Directors and its committees in an advisory capacity and present, where appropriate, his or her observations to all Shareholders' Meetings.

This position is currently held by Florence Tordjman, appointed by the Minister of Ecology, Energy, Sustainable Development and the Sea by order dated July 18, 2008. Florence Tordjman's biography and list of directorships and offices held is provided below.

Florence Tordjman, born June 27, 1959 in Poitiers (Vienne), is a French citizen.

A graduate of the *Institut d'Etudes Politiques de Paris* (public service) and the *École Nationale d'Administration*, Florence Tordjman also holds a Master's Degree in history and a Bachelor's Degree in history and geography from the *Université Paris IV Sorbonne*. Since 1993, she has held various positions within the Ministry of Economy, Industry and Employment. At the Department of Information Technologies and the Postal Service (*La Poste*), she was responsible for European R&D programs in information technologies and communications from 1993 to 1997 and, starting in 2000, headed the office of industrial policy and competition. From 1997 to 2000, she was responsible for monitoring multilateral development banks and financing public aid for development at the Treasury Department. From October 2001 to July 2008, she was responsible for the gas and fossil energy distribution Section of the Department of Energy and Raw Materials. Since then, she has been Deputy Director for energy within the Energy and Climate Department of the Ministry of Ecology, Energy, Sustainable Development and the Sea.

Directorships and offices held in the Company	Directorships and offices held in any company in 2009	Other Directorships and offices held within the past five years
Government Commissioner	Assistant Director of Energy – Department of Climate and Energy at the Ministry of Ecology, Energy, Sustainable Development and the Sea Director of the French Association for Natural Gas Vehicles Government Commissioner GRTgaz and GrDF	Director of Gaz de France* Government commissioner of CFM-CFMH companies Non-voting Director of Gaz du Sud-Ouest

* *Listed companies.*

7.1.4 EXECUTIVE MANAGEMENT

The Company's executive management is under the responsibility of Gérard Mestrallet, Chairman and Chief Executive Officer, and Jean-François Cirelli, Vice-Chairman and President.

Gérard Mestrallet and Jean-François Cirelli have the same capacity to represent the Company with third parties. According to internal rules, the respective powers of the Chairman and Chief Executive Officer and the Vice-Chairman, Deputy General Manager are determined by the Board of Directors and the Internal Regulations of the Board, which sets their limits.

(With regard to the performance of the Executive Management and the boundaries of any powers conferred by the Board of Directors, refer to Section 7.1.5, "Board of Directors: Powers - Operations – Activities", and to the Chairman's report referred to in Article L. 225-37 of the French Commercial Code, in Section 7.5 hereto)

7.1.5 BOARD OF DIRECTORS: POWERS - OPERATIONS - ACTIVITIES

7.1.5.1 Powers of the Board of Directors

The Board of Directors determines the Company's business strategy and oversees its implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limit of the Company's corporate purpose, the Board may address any issue related to the operation of the Company and make any decision concerning matters that fall within its purview. The Board of Directors performs any controls and verifications it considers appropriate.

In addition to issues that fall under the authority of the Board pursuant to applicable laws and regulations, and in accordance with the Company's Internal Regulations, the following decisions are subject to prior review and approval by the Board:

- contracting with the government on major contracts regarding to the objectives and methods involved in the implementation of public service projects delegated to the Company or its subsidiaries, within legal limits;
- acquiring or divesting any of the Company's direct or indirect interests in any company formed, or to be formed, taking an interest in the formation of any company, joint venture, consortium or body or subscribing to any issue of shares, partnership shares or bonds in which the Company's or the Group's financial exposure exceeds €350 million for the transaction in question;
- becoming involved in any asset contribution or exchange transaction, with or without a cash balance, relative to goods, securities, stocks or bonds for an amount exceeding €350 million;
- resolving disputes by way of any agreement, settlement or arbitration decision for an amount exceeding €200 million;
- entering into any long-term energy purchasing plan on behalf of the Group that involves quantities, per transaction, in excess of:
  - 30 billion kWh of gas per year, including the terms of transmission,
  - 20 billion kWh of electricity per year, including the terms of transmission;
- entering into any real estate acquisition or disposal transaction for an amount exceeding €200 million;
- entering into any of the following transactions for an amount exceeding €1.5 billion:
  - granting or contracting any loans, borrowings, credit or cash advances by the Company, or authorizing any Group subsidiary or financing vehicle for this purpose,
  - acquiring or assigning any receivables, by any method.

Each year, the Board of Directors authorizes the Chairman and Chief Executive Officer to issue guarantees and other security for an amount it determines.

At least once a year, the Board reviews the budget, the Group's industrial strategy, financial strategy and energy supply policy.

7.1.5.2 Operating prodedures of the Board of Directors

The Board of Directors meets as often as the Company's interests require and, in accordance with its Internal Regulations, at least six times a year, including at least once each quarter. Board of Directors' meetings may be held via any means of videoconference or telecommunication that allows Directors to be identified and ensures their effective participation in accordance with the conditions and procedures set out in the Internal Regulations.

Two non-voting Directors, each with one advisory vote, are invited to attend Board meetings, as are the Government Commissioner, also with one advisory vote, the members of the Management Committee, the General Secretary, and the Secretary of the Board of Directors.

In accordance with French law, the representative of the Central Works Council attends Board meetings without having a vote and without representation in the event of absence.

Article 1.3 of the Internal Regulations provides that the Chairman chairs the Board meetings, oversees deliberations and ensures compliance with the Regulations. The Chairman upholds the quality of the exchange of views and ensures that the Board's decisions are made on a collective basis. The Chairman ensures that the Board devotes enough time on discussions and allots time to each of the agenda items in proportion to the importance if each issue to the Company. The Directors ensure, collectively, that the time allotted to each of them to express his or her views is evenly balanced. The Chairman pays particular attention to ensure that the issues raised according to the agenda are addressed appropriately.

In accordance with Article 16 of the bylaws, meetings of the Board of Directors shall be chaired by the Chairman or, in his/her absence, by one of the Vice-Chairmen, or otherwise by a Director chosen by the Board at the beginning of the meeting.

Pursuant to the provisions of Article 13.6 of the bylaws, all Directors must own at least fifty (50) shares of the Company, unless an exemption has been granted under applicable law or regulations. This requirement does not apply to the Directors representing the French government or to the Director representing employee shareholders (a table showing the number of shares and stock options personally owned by the corporate officers is provided in Section 7.1.1.7 of this Reference Document).

The Secretary of the Board of Directors provides administrative services to the Board and records the minutes of its meetings. Patrick van der Beken is the current Board Secretary.

7.1.5.3 Activities of the Board of Directors

The Board of Directors of GDF SUEZ met nine times during fiscal year 2009, with an average attendance rate of 85%. Of the ten meetings scheduled for 2010, two had already been held as of the date of this Reference Document.

At these meetings, the Board of Directors of GDF SUEZ reviewed and deliberated on the following matters: Group business review, the 2009 budget, the Group's nuclear energy policy, the 2008 parent company and consolidated financial statements, review of the independence of directors, payment of a 2009 interim dividend, review of investment projects, the competitive environment in the energy sector, the award of bonus shares to all employees of the Group, the 2009 half-year financial statements, the renewal of the authorization to issue bonds (€10 billion), the approval of the Group Ethics Charter, the awarding of stock options and Performance Shares, approval of the Regulations for Employee Directors, and renewal of the authorization on guarantees and other security.

7.1.6 COMMITTEES: STANDING COMMITTEES OF THE BOARD OF DIRECTORS – MANAGEMENT COMMITTEE – EXECUTIVE COMMITTEE – OTHER COMMITTEES

7.1.6.1 Standing Committees of the Board of Directors: composition - operation - activities

Article 15.2 of the bylaws provides that to assist in its deliberations, the Board of Directors may create internal standing committees whose work will provide a basis for its decisions. Pursuant to Article 15.2 of the bylaws and Article 3 of the Board's Internal Regulations, these Committees are tasked with studying matters of concern to the Company that the Board or the Chairman have submitted for their opinion. They are also charged with preparing the Board's work and decisions on such matters and projects and reporting their conclusions back to the Board in the form of reports, proposals, opinions, information or recommendations. The Committees perform their duties under the responsibility of the Board of Directors. No Committee may, of its own initiative, address any issue that falls outside the scope of its mission. Committees have no decision-making power. On the Chairman's recommendation and after deliberation, the Board of Directors appoints the members and chairman of each Committee, based on consideration of the skills, experience and availability of each Director.

In principle, the term of office for committee members is two fiscal years, unless the remainder of the term of office of the Directors in question is too short to complete the entire two-year period. In that case, the terms of office of Directors and committee members shall end simultaneously. Committee members' terms of office are

renewable, subject to their continuous service as Directors of the Company. All committees are chaired by an independent Director.

Five committees assist the Board of Directors of GDF SUEZ: the Audit Committee, the Strategy and Investments Committee, the Nominations Committee, the Compensation Committee and the Ethics, Environment and Sustainable Development Committee. These committees are composed as follows:

Audit Committee	Strategy and Investments Committee	Nominations Committee	Compensation Committee	Ethics, Environment and Sustainable Development Committee
Aldo Cardoso*, Chairman	Jacques Lagarde*, Chairman	Jean-Louis Beffa*, Chairman	Lord Simon of Highbury*, Chairman	Edmond Alphandéry*, Chairman
Edmond Alphandéry[(1)]*	Olivier Bourges[(2)]	René Carron*	Jean-Louis Beffa*	Jean-Paul Bailly
Olivier Bourges[(2)]	Pierre-Franck Chevet	Étienne Davignon*	Olivier Bourges[(4)]	Anne Lauvergeon*
Thierry de Rudder*	Anne Lauvergeon*	Paul Desmarais Jr.*	Étienne Davignon*	Anne-Marie Mourer[(5)]
	Thierry de Rudder*	Ramon Fernandez[(3)]	Paul Desmarais Jr.*	

* *Independent directors.*

(1) *Appointed July 8, 2009 (replacing Jacques Lagarde).*

(2) *Appointed November 10, 2009 (replacing Edward Vieillefond).*

(3) *Appointed November 10, 2009 (replacing Xavier Musca).*

(4) *Appointed December 9, 2009 (replacing Jean-Cyril Spinetta).*

(5) *Appointed July 8, 2009.*

The Audit Committee

Operating procedures

Article 3.1 of the Internal Regulations, adopted by the Board of Directors on July 22, 2008 following the merger Gaz de France-SUEZ merger, sets out the rules and operating procedures for the Audit Committee, taking into account legislative changes both in France (Financial Security Act) and in the U.S. (Sarbanes-Oxley Act).

These rules were last amended on December 9, 2009 to reflect the provisions of Ordinance No. 2008-1278 of December 8, 2008 transposing EU Directive 2006/43/EC of May 17, 2006 on the statutory audit of financial statements.

The Audit Committee has three main functions. The first is to examine in detail the draft financial statements, the relevance and consistency of accounting principles and rules used to prepare the financial statements and the content of documents disclosed to the public. In this framework, it is also in charge to assure the follow up of the legal control of the statutory accounts and of the consolidated accounts by the statutory auditors. The second is to gain an understanding of internal and external control procedures in order to ensure that such procedures provide appropriate coverage for all areas of risk. The third is to regularly review the Group's financial position, cash flow position, and significant commitments and risks, as well as Group policy in terms of risk control and the procedures for assessing and managing these risks.

The Audit Committee met ten times in 2009, with an average attendance rate of 92%. The Statutory Auditors attended nine of these meetings. Eleven meetings are scheduled for 2010.

Activities

In 2009, the Committee specifically addressed the following:

- **financial matters:** budget forecasts for 2009, the parent company and consolidated financial statements at December 31, 2008, preparation of the half-year closing, the interim parent company and consolidated financial statements at June 30, 2009, the payment of an interim dividend, quarterly reporting (Q1 and Q3 2009), closing estimates and options in 2009, the debt position (review of guarantees and other security, renewal of the authorization to issue bonds);
- **internal audit:** the Q4 2008 management report, the 2009 audit plan, the Q1, Q2 and Q3 2009 management reports;
- **internal control system:** review of the 2008 system and 2009 actions, information on internal controls implemented in partially-owned entities;
- **external audit:** monitoring of fees for 2008 and audit budget for 2009, prior approval of work assigned to the Statutory Auditors in addition to their auditing assignments, independence of the Statutory Auditors, external audit organization in 2010;
- **risks:** preliminary review of risks in 2008 and 2008 review, impacts of transposing the 8th Directive involving amendments to the Internal Regulations of the Board of Directors, the comprehensive risk management policy, analysis of priority risks, review of pending litigation.

The Committee also addressed issues on specific topics allowing it to understand the workings of certain of the Group's activities, such as commodities trading.

Strategy and Investments Committee

Operating procedures

Article 3.2 of the Internal Regulations sets out the rules and operating procedures for the Strategy and Investments Committee.

This Committee is charged with providing the Board of Directors with its opinion on the Company's major strategic directions, particularly with regard to strategy and the public service contract, all projects relative to external and internal growth, disposals, strategic agreements, alliances and partnerships that are submitted to the Board. This Committee also addresses matters concerning the creation and modernization of industrial facilities and annual and multi-year works programs, purchasing policy and significant real estate projects.

The Strategy and Investments Committee met seven times in 2009, with an average attendance rate of 74%. Eight meetings are scheduled for 2010.

Activities

In 2009, the Committee specifically addressed the following matters: GDF SUEZ and its competitive environment in the energy sector, the Medium-Term Business Plan (strategic and financial directions), the impact of economic and financial turmoil on the Group's operations and 2009 objectives, the Group's nuclear energy policy, the Group's energy procurement policy, the public service contract and rate status, technological intelligence, strategy and medium-term prospects for the Energy France business line, and a series of proposed acquisitions requiring the Board of Directors' approval.

Nominations Committee

Operating procedures

Article 3.3 of the Internal Regulations of GDF SUEZ sets out the rules and operating procedures for the Nominations Committee. Its purpose is to examine and make recommendations to the Board of Directors on all candidates for a position as a member of the Board of Directors or as a non-voting Director whose appointment is subject to approval by the Shareholders' Meeting. The Committee also makes recommendations on succession planning for the Chairman and Chief Executive Officer and the Vice-Chairman and President, as they approach the end of their terms of office.

Activities

The GDF SUEZ Nominations Committee met three times in 2009 (with an average attendance rate of 66%). One meeting had already been held in 2010 at the time this Reference Document was written. The Committee mainly examined and made recommendations to the Board of Directors on the status of an independent director, which must be reviewed each year prior to the Annual Shareholders Meeting to approve the financial statements of the past year (see Section 7.1.1.8 of this Reference Document). It also heard a presentation from the Executive Management concerning the exercise of responsibilities within the Energy Europe & International (BEEI) business line, as well as measures taken regarding the composition of the Group Management Committee.

Compensation Committee

Operating procedures

Article 3.4 of the Internal Regulations of GDF SUEZ sets out the rules and operating procedures for the Compensation Committee. The Compensation Committee reviews and makes recommendations to the Board of Directors on compensation, pension and health care plans, benefits in kind and various emoluments including, where applicable, awards of Company stock options and performance-based shares to the Chairman and Chief Executive Officer and the Vice-Chairman and President, as well as to any other members of the Board holding employment contracts with the Company. It makes recommendations regarding performance reviews of members of the Board of Directors. In addition, at least once a year it reviews the conditions for harmonizing the terms and conditions of employment of Gaz de France and SUEZ employees, as well as the competitiveness of such terms and conditions with regard to comparable Groups worldwide.

This Committee is also consulted with regard to the award of stock options and performance-based shares to the Executive Vice-Presidents.

The Compensation Committee met on five occasions in 2009 with an average attendance rate of 72%. Two meetings had already been held in 2010 as of the date of this Reference Document.

Activities

The GDF SUEZ Compensation Committee is called upon to submit recommendations to the Board of Directors on the compensation of the Group's corporate officers and, more generally, its Executive Management. In 2008, the Board of Directors determined the fixed compensation for the two corporate officers *"mandataires sociaux"* for 2009, so the Committee considered their variable compensation for 2008 and the assessment of same for 2009 (target bonus objectives; quantitative and qualitative criteria). It also offered proposals for the fixed and variable compensation for members of the Management Committee (excluding corporate officers *"mandataires sociaux"*) to the Chief Executive Officer.

In addition, this Committee conducted a study on the policy for granting stock options and bonus shares, and presented proposals to the Board on the details and conditions of implementing a stock option plan and a bonus share plan (Performance Shares) in 2009 for more than 8,000 Group employees (excluding Executive Committee members).

Regarding the Executive Committee (including the two corporate officers) whose members had waived, in early 2009, the stock options to which they were entitled for that year, the Compensation Committee met several times to develop a Long Term Incentives (LTI) system, based on the award of performance shares, to submit to the Board of Directors, which had outlined such a system at its meeting of May 4, 2009. The Committee developed and proposed the full terms and conditions for this system, applicable to fiscal year 2009.

As in 2008, the Compensation Committee recommended to the Board that it continue to implement the two systems previously deployed by SUEZ SA. The first concerns the availability of shares resulting from the exercise of stock options and sale of Performance Shares; the second pertains to the adoption of a programmed management system for stock options exercised by the Group's executive management.

The Committee also addressed a number of technical issues (including proposals to the Board on recognizing the achievement of performance conditions for earlier stock options and performance share plans and an opinion on the corporate plan for managing senior executives of the Group).

Ethics, Environment and Sustainable Development Committee

Operating procedures

Article 3.5 of the Internal Regulations defines the rules and operating procedures for the Ethics, Environment and Sustainable Development Committee. This Committee ensures compliance with the individual and collective values that are the basis for the Group's actions and with the rules of conduct to which each employee must adhere. As such, it must ensure implementation of the procedures required to:

- update the Charters currently in force in the Group and ensure that they are distributed and applied;
- ensure that foreign subsidiaries apply their own codes while taking into account the legislative and regulatory framework of the country in which they conduct their activities;
- provide training to accompany the distribution of the Group's Charters;
- obtain information from the Group's companies on the solutions implemented for cases submitted to their own committees.

The Ethics, Environment and Sustainable Development Committee met six times in 2009, with an average attendance rate of 95%. Of the five meetings scheduled for 2010, two had already been held as of the date of this Reference Document.

Activities

To maintain the high standards and protect the reputation of the Group and its constituent companies, the GDF SUEZ Ethics, Environment and Sustainable Development Committee gathered information on the development of ethics and compliance systems within the Group in order to ensure that these had been fully deployed throughout the Group and were subject to application and control procedures.

As a result of this process, the Committee approved the new GDF SUEZ Ethics Charter prior to its adoption by the Board of Directors, as well as the new "Ethics in Practice" guide.

It reviewed a presentation on the annual compliance assessment as well as the Annual Report by the Group's compliance officer which highlighted, among other points, the organization of the Group's business lines and subsidiaries, the development of the network of over 140 compliance officers, and specific training actions. It also reviewed the latest developments in the principal disputes involving the Group.

The Committee also reviewed the mapping of ethical risks for the new Group, which was undertaken at its request. It also reviewed the organization of ethical relationships with suppliers, including the new "Guide to Ethics in Supplier Relations", as well as the Group's patronage and partnerships policy with the "Corporate Patronage and Partnerships Charter".

Regarding compliance, the Committee noted that GDF SUEZ had rolled out a real-time incident reporting tool in its main areas of risk within the B3G, Infrastructure, BES, BEEI and Energy France business lines. This process is currently being amended under the guidelines issued in a December 9, 2009 decision by the French *Cour de Cassation*.

In terms of sustainable development, the Committee sought to establish an ambitious scope of study on these issues while maintaining its role of monitoring policies instituted, action plans, and prospective outcomes. It reviewed a presentation on the new Group's sustainable development policy and resulting action plan, as well as its research and development policy in this field.

The Committee reviewed the first environmental report for the new Group, examining the various day-to-day procedures for handling environmental data, control methods and external inspection procedures. Likewise, it reviewed the annual health and safety reports for both the Group and the business lines, as well as the industrial safety report, with particular attention to the gas network in France.

Finally, in terms of corporate governance, the Committee sought to resume the evaluation of the Board of Directors' operating procedures after a full year of operation. The evaluation process was launched under the responsibility of the Committee Chairman, in collaboration with an outside expert. This process has made it possible to identify areas for improvement in the Board's operating procedures and to assess this entity's operations post-merger.

7.1.6.2 Management Committee

The Management Committee of GDF SUEZ, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President has five members (the Chairman and Chief Executive Officer, the Vice-Chairman and President and the three Executive Vice-Presidents). It generally meets on a weekly basis and is responsible for managing the Group. The Management Committee is composed of the following members:

Gérard Mestrallet	Chairman and Chief Executive Officer
Jean-François Cirelli	Vice-Chairman and President
Dirk Beeuwsaert*	Executive Vice-President in charge of the Energy Europe & International business line
Yves Colliou**	Executive Vice-President in charge of the Infrastructures business line
Jean-Marie Dauger	Executive Vice-President in charge of the Global Gas & LNG business line
Gérard Lamarche	Executive Vice-President, Chief Financial Officer

* *Appointed to replace Jean-Pierre Hansen since March 5, 2009.*
** *Until March 4, 2010.*

7.1.6.3 Executive Committee

The Executive Committee of GDF SUEZ, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President, is comprised of 18 members representing the Group's operational and functional activities. It reviews issues and decisions regarding the Group's strategy, development and organization and its overall management. As needed, it also reviews other matters on an ad hoc basis. The Committee generally meets on a weekly basis. The Executive Committee is composed of the following members:

Gérard Mestrallet	Chairman and Chief Executive Officer
Jean-François Cirelli	Vice-Chairman and President
Dirk Beeuwsaert*	Executive Vice-President in charge of the Energy Europe & International business line
Valérie Bernis	Member of the Executive Committee, in charge of Communications, Financial Communications and Public Affairs
Stéphane Brimont**	Member of the Executive Committee, Deputy Chief Financial Officer
Alain Chaigneau	Member of the Executive Committee in charge of Business Strategy and Sustainable Development
Jean-Louis Chaussade	Member of the Executive Committee, Director and Chief Executive Officer of SUEZ Environnement Company
Pierre Clavel	Member of the Executive Committee, Executive Vice-President of the Energy Europe & International business line
Yves Colliou***	Executive Vice-President in charge of the Infrastructures business line
Jean-Marie Dauger	Executive Vice-President in charge of the Global Gas & LNG business line
Jean-Claude Depail****	Member of Executive Committee, in charge of the Infrastructures business line
Henri Ducré	Member of the Executive Committee in charge of the Energy France business line
Yves de Gaulle	Member of the Executive Committee, General Secretary
Jean-Pierre Hansen	Member of Executive Committee, Chairman of the Energy Policy Committee
Emmanuel Hedde	Member of the Executive Committee in charge of Integration, Synergies and Performance
Emmanuel van Innis	Member of the Executive Committee in charge of Senior Managers Department
Philippe Jeunet	Member of the Executive Committee in charge of Audit and Risks
Gérard Lamarche	Executive Vice-President, Chief Financial Officer
Philippe Saimpert	Member of the Executive Committee in charge of Human Resources
Jérôme Tolot	Member of the Executive Committee in charge of the Energy Services business line

* *Appointed since March 5, 2009.*
** *Until July 20, 2009.*
*** *Until March 4, 2010.*
**** *Appointed since March 4, 2010.*

Patrick van der Beken serves as Secretary of the Management Committee and Executive Committee.

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7.1.6.4 Group Committees

A limited number of committees have been set up at the Group level (Finance Committee, Commitments Committee, Energy Policy Committee, Research and Innovation Committee, Career Management Committee, Nuclear Safety and Security Monitoring Committee, Business Line Committees, Energy Market Risks Committee, Economic Regulation and Transfers Committee and Sustainable Development Committee). They coordinate instructions and decision-making across GDF SUEZ's organizational lines.

(See the Report of the Chairman of the Board on internal control procedures in Section 7.5 of this Reference Document.)

7.2 CODE OF GOVERNANCE AND ETHICAL PRINCIPLES

GDF SUEZ maintains its commitment to implementing corporate governance guidelines and for this purpose refers to the AFEP-MEDEF [French employers' federation] code of corporate governance for listed companies (the "AFEP-MEDEF Code").

The AFEP-MEDEF Code of Corporate Governance is available on the website www.medef.fr.

The operations of the Board of Directors are defined by Article 14 of the bylaws. Its organization is set out in Article 1 of the Board of Directors' Internal Regulations, which provides the directions and methods by which the Board may operate efficiently on behalf of the Company and its shareholders, as well as the responsibilities incumbent on each Director.

The Internal Regulations were last amended on December 9, 2009 to reflect the provisions of Ordinance No. 2008-1278 of December 8, 2008 transposing EU Directive 2006/43/EC of May 17, 2006 on the statutory audit of financial statements.

The Internal Regulations detail the composition and operating procedures of the Board of Directors, as well as the scope of responsibilities of the Board, the Executive Management and its Committees.

The Code of Conduct sets out the rules relating to securities transactions and insider trading applicable to Directors, Corporate Officers and all employees. It expresses the Company's intention to ensure prudent management of its securities, to comply with and to ensure compliance by others with current regulations governing securities transactions conducted by Directors, Corporate Officers and employees by reminding them of the ban on certain transactions involving Company securities, and the requirement to disclose transactions entered into by Directors, Corporate Officers and related parties.

In addition to the aforementioned, the Status of Employee Directors, as approved by the Board of Directors at its meeting of December 9, 2009, sets forth the conditions under which Directors employed by the Group exercise their duties.

GDF SUEZ has also adopted an Ethics Charter and an "Ethics in Practice" guidebook which provide the core ethical principles that each employee and entity of the Group in France and abroad, and any person under temporary assignment to a Group entity, must practice in the exercise of his or her professional activities.

The Ethics Charter establishes the overall framework for ethics governance as implemented within the Group, highlighting the four core action principles that underpin the Group ethics policy: act in accordance with laws and regulations; establish a culture of integrity; demonstrate loyalty and honesty; and, respect others. The Charter is supplemented by an "Ethics in Practice" guidebook which explains its implementation, and the Compliance Policy, which specifies the reference guidelines chosen, the organization and control system put in place, and the roles and responsibilities of the management chain in matters of ethics and compliance. These documents replace the "Ethics and Compliance Program", a provisional text adopted in July 2008 to provide the newly-formed GDF SUEZ Group with an ethics structure.

7.3 REGULATED AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES AND REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS

7.3.1 REGULATED AGREEMENTS APPROVED DURING THE 2009 FISCAL YEAR

Agreement with the French State regarding the exercise of the option providing payment of the fiscal 2008 special dividend in shares

At its March 4, 2009 meeting, the Board of Directors decided to offer the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 the option for shareholders to choose payment in shares for the portion of the dividend corresponding to the non-recurring special dividend of €0.80. In light of that proposal, the French State expressed its desire to exercise this option under a contractual framework. This agreement, signed March 6, 2009 and disclosed to the public, irrevocably committed the French State to exercising this option, provided that the Shareholders' meeting adopted the resolution on the distribution of the dividend in shares.

The Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 subsequently approved the third resolution presented to it, allocating the income and setting the dividend for the 2008 fiscal year. Accordingly, the French State acquired 29,699,153 new GDF SUEZ shares.

This agreement was expressly authorized by the Board of Directors on March 4, 2009.

The Directors representing the French State, Jean-Paul Bailly, Pierre-Franck Chevet, Pierre Graff, Xavier Musca, Jean-Cyril Spinetta and Edward Viellefond, did not vote.

Public Service Contract

In December 2009, GDF SUEZ signed a public service contract with the French State, which provides for the activities carried out under the previous public service contract to continue.

Under this contract, GDF SUEZ reiterates its commitments on matters of:

- **the Group's obligation regarding the supply of gas to retail customers**

  For infrastructure activities, this involves ensuring transparency, objectivity and non-discrimination in the services provided and to reaffirm the provider's advisory role vis-à-vis retail customers.

  For activities related to sales and marketing, it involves displaying exemplary conduct in business relationships, using indicators to ensure the proper monitoring of retail customer satisfaction, and facilitating the implementation of emergency gas supply to customers performing work that is of public interest.

- **safety of property and persons**

  The contract takes account of developments, notes previous actions and redirects the Group's priorities towards actions that consolidate the commitments upheld in the previous contract, towards programs in implementation phase, towards new measures for the protection of infrastructure, prevention of technological risks and damage to distribution infrastructure.

- **solidarity and support for the poorest customers**

  The contract provides for:

  - increased financial commitments, including to fund Solidarity Housing;
  - implementation of innovative ways of establishing relationships with these customers;
  - encouragement and assistance to low-income households to secure their indoor installations;
  - implementation and promotion of progressive gas rates.

  The contract also clarifies the Group's commitments in terms of support for urban projects and technology clusters and promotion of renewable energy in rural areas.

- **sustainable development and research**

  Under this contract, the Group is committed to limiting the impact of its activities on the environment and encouraging improved energy use among its customers.

  In addition, the contract is accompanied by a decree that redefines the overall regulatory framework for setting and changing regulated natural gas prices in France and a ministerial order specifying the mechanism for changing rates in 2010. This overall mechanism is more transparent with regard to conditions for changing in regulated rates, establishes rules and addresses the responsibilities of the various actors over the 2010-2013 period.

  Finally, the regulatory framework having been clarified, the French government will publish a decree, each year, setting the terms for changes in regulated natural gas prices for the coming year. Between two orders, GDF SUEZ will apply to the Energy Regulation Commission (CRE) for any revision of rates justified by the change in value of the indexes used for the rate formula.

At its meeting of December 9, 2009, the Board of Directors expressly authorized Gérard Mestrallet, Chairman and Chief Executive Officer, and Jean-François Cirelli, Vice-President and President, to sign this contract with the French State. The Directors representing the French State, Jean-Paul Bailly, Olivie Bourges, Pierre-Franck Chevet, Pierre Graff, Ramon Fernandez and Pierre Mongin, did not vote.

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7.3.2 AGREEMENTS APPROVED IN PRIOR YEARS WHICH REMAIN CURRENT IN 2009

Measures adopted by the SUEZ Board of Directors for the IPO of 65% of the capital of SUEZ Environnement Company and its partial spin-off

At its meeting of June 4, 2008, the Board of Directors of SUEZ decided to establish certain measures to accompany the partial spin-off of SUEZ Environnement Company – i.e.:

- a SUEZ Environnement Company shareholders' agreement, with a 5-year renewable term, among SUEZ, Groupe Bruxelles Lambert, Sofina, la Caisse des Dépôts et Consignations, Areva and CNP Assurances;
- a cooperation and pooled functions agreement between SUEZ and SUEZ Environnement Company to define the terms of cooperation between GDF SUEZ and SUEZ Environnement Company;
- a framework agreement on the financing of SUEZ Environnement and SUEZ Environnement Company by GDF SUEZ, under the terms of which SUEZ Finance SA, or another Group entity designated for this purpose, would provide financing to the SUEZ Environnement Company/SUEZ Environnement group, as needed, for a total amount agreed annually between SUEZ and SUEZ Environnement Company;

  Under this financing agreement, SUEZ Finance SA granted loans to SUEZ Environnement Company for a total amount of €884.1 million, as well as current account advances amounting to €386.5 million as of December 31, 2009. Net financial income totaled €46.4 million as of December 31, 2009.

  This agreement expires end of 2010.
- a brand licensing agreement, under which SUEZ would grant to SUEZ Environnement Company for a 5-year tacitly renewable term, the non-exclusive and free-of-charge right to use the “SUEZ” brand in its corporate name, as well as in certain brand names;
- a memorandum of understanding between SUEZ and SUEZ Environnement concerning Argentina. In light of the specific situations facing the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fe, as well as the Argentine government's rate freeze, provisions have been made for a 20-year memorandum of understanding between GDF SUEZ and SUEZ Environnement relating to Argentina. The agreement provides for the economic transfer to SUEZ Environnement of the rights and obligations associated with interests held in the aforementioned Argentine companies.SUEZ Environnement has rebilled €1.6 million in consulting and legal fees to GDF SUEZ SA.

The Board of Directors of SUEZ expressly approved these agreements at its meeting of June 4, 2008 and they were signed on June 5, 2008. They were addressed in a special report by the Statutory Auditors on regulated agreements and commitments submitted to the SUEZ Ordinary and Extraordinary Shareholders' Meetings of July 16, 2008 and May 4, 2009.

Amendment to the SUEZ Environnement Company shareholders' agreement

Following the signing of the above-mentioned shareholders' agreement on June 5, 2008, it was decided to amend this agreement.

Pursuant to this agreement, the management bodies of SUEZ Environnement and SUEZ Environnement Company should be set up identically and decisions concerning the subsidiaries controlled by SUEZ Environnement Company that must be submitted to the Board of Directors, if made at the company level, should be subject to prior review by the Board of Directors of SUEZ Environnement Company. To simplify the operating structure of SUEZ Environnement Company, the parties to the shareholders' agreement have agreed, via an amendment, to eliminate the requirement to replicate the composition of the SUEZ Environnement Company management bodies within SUEZ Environnement, it being understood that SUEZ Environnement Company shall ensure that decisions affecting the controlled subsidiaries are implemented by the subsidiaries concerned in accordance with the Board of Directors' decisions.

The Board of Directors of GDF SUEZ expressly approved the amendment to the SUEZ Environnement Company shareholders' agreement at its meeting of October 22, 2008. The joint executives and directors of GDF SUEZ and SUEZ Environnement Company did not vote. The amendment took effect on December 18, 2008.

Corporate Executive Officers' retirement benefit plans

Given the significant differences between the retirement benefit plans provided to Gérard Mestrallet at SUEZ and Jean-François Cirelli at GDF, it was decided to temporarily maintain the current retirement plans in effect while the merger takes effect.

At its meeting of November 12, 2008, the Board of Directors expressly approved proposals from the Compensation Committee regarding the continuation of the retirement benefit plans for the Chairman and Chief Executive Officer and for the Vice-Chairman and President. Neither of the parties concerned voted.

These plans were not changed during the 2009 fiscal year.

Call option on Gas Natural securities

On October 28, 2008, as part of the spin-off of SUEZ Environnement Company and the related intra-group reorganization, SUEZ Environnement Holding BE, a wholly-owned subsidiary of SUEZ Environnement Company, purchased 11,487,152 Gas Natural shares from Hisusa, a subsidiary held at 51% by SUEZ Environnement.

In its November 18, 2008 letter, SUEZ Environnement committed to sell these shares to GDF SUEZ or to any other Group entity on GDF SUEZ's request. In this context, SUEZ Environnement granted GDF SUEZ a call option on the 11,487,152 Gas Natural shares,

which could be exercised between November 21, 2008 and November 20, 2009.

The agreement was expressly authorized by the Board of Directors at its meeting of November 12, 2008. SUEZ Environnement received no premium payment for setting up this call option.

This option was not exercised in fiscal year 2009.

Sale by SUEZ of SUEZ-Tractebel to Electrabel

SUEZ's proposal to sell SUEZ-Tractebel to Electrabel was presented to the Board of Directors of SUEZ at its meeting of March 7, 2007.

The strategic rationale for this sale was that it provided for implementation of an integrated organization pursuant to the Pax Electrica (commitments made by SUEZ vis-à-vis the Belgian government).

Via SUEZ-Tractebel, SUEZ transferred to Electrabel:

- the SUEZ Energy International (SEI) business line;
- Tractebel Engineering, an engineering consulting company;
- the 57.2% interest in Distrigaz and Fluxys.

Based on an SEI enterprise value of approximately €13.5 billion and an intrinsic value for SUEZ-Tractebel of around €18.2 billion, the SUEZ Board of Directors approved the principle of the sale of SUEZ-Tractebel to Electrabel at its meeting of May 4, 2007.

The sale price corresponded to an intrinsic value for SUEZ-Tractebel based on a sum-of-the-parts approach confirmed by two banks.

The sale price was €18.2 billion and the transfer of ownership became effective on July 24, 2007.

At its meeting of July 4, 2007, the Board of Directors expressly approved the sale transaction and authorized its Chairman Gérard Mestrallet to sign the said sale agreement.

The agreement included vendor warranties to cover liabilities for a maximum amount of €1.5 billion and for a maximum period ending March 31, 2013.

This agreement had no impact on fiscal year 2009.

Agreement with GDF SUEZ Group companies that are members of the G.I.E SUEZ Alliance

At its meeting of July 4, 2001, the Board of Directors of SUEZ authorized the creation of a special-purpose financing vehicle, the G.I.E SUEZ Alliance, now the "G.I.E GDF SUEZ Alliance", and SUEZ's membership in this economic interest group (groupement d'intérêt économique or "G.I.E".).

At this meeting, the Board of Directors also approved the guarantee granted by SUEZ to the G.I.E's other members, subsidiaries of SUEZ. Accordingly, in its position as head of the group, GDF SUEZ is the ultimate guarantor with respect to other members for any and all debts incurred by any of the members and that exceed their share.

These agreements had no impact on fiscal year 2009.

Agreement with GDF SUEZ Group companies that are not members of the G.I.E GDF SUEZ Alliance

At its meeting of March 9, 2005, the SUEZ Board of Directors expressly authorized the extension of the GIE SUEZ Alliance's activities to the most significant SUEZ subsidiaries that are not members of the GIE SUEZ Alliance, in order to facilitate their financing.

As the lead company of the Group, GDF SUEZ is the ultimate guarantor vis-à-vis its subsidiaries for any debts they may incur and that exceed the share borne by the member company acting as guarantor.

This agreement had no impact on fiscal year 2009.

Agreement with FirstMark Communication France

At its meeting of April 26, 2002, the Board of Directors expressly approved SUEZ's contribution of FirstMark Communication France to Neuf Telecom (formerly LD Com), for the amount of €210 million. This transaction included certain direct commitments and the guarantee of all obligations of the three SUEZ subsidiaries that were merged with SUEZ Communication in 2004. Only warranties relating to tax matters remain.

This agreement had no impact on fiscal year 2009.

Agreement with Ondeo Nalco

Under Ondeo Nalco's sale of its head office, followed by the signing of a 25-year renewable lease, at its meeting of November 20, 2002, the Board of Directors authorized SUEZ to issue a guarantee on all Ondeo Nalco's obligations. At its meeting of August 26, 2003, the Board of Directors voted to maintain this guarantee after the sale of Ondeo Nalco.

The guarantee is unlimited for the duration of Ondeo Nalco's obligations relating to the leasehold on its head office. The guarantee is unlimited for the term of the obligations related to the lease (including renewals) and to other agreements. This guarantee is irrevocable and unconditional.

As Ondeo Nalco counter-guarantees SUEZ and both companies signed a "Participation Agreement" In the context of this transaction, the corresponding conventions had been authorized in advance.

These agreements had no impact on fiscal year 2009.

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Agreement with Elyo (now GDF SUEZ Energie Services)

At its meeting of July 4, 2001, the Board of Directors approved the performance guarantee granted by SUEZ to SUEZ énergie Services, regarding the construction and operation of a Domestic waste incineration plant at Rillieux-la-Pape (Rhone - France).

This agreement will expire on June 30, 2019 and did not have any impact on the 2009 fiscal year.

Agreement with Cofixel

At its meeting of July 4, 2001, the Board of Directors approved the sale by SUEZ of Ineo, Entrepose and Delattre-Levivier to Cofixel (a French holding company owned by Fabricom).

During this same meeting, the Board of Directors approved guarantees for a total maximum amount of €40 million relating to all the companies sold. At present, the only guarantees remaining are those that are the subject of a protective appeal (*appel conservatoire*) related to pending litigation.

This agreement had no impact on fiscal year 2009.

Agreement with SUEZ Environnement (now SUEZ Environnement Company)

- Guarantee agreement provided by SUEZ to the Hong Kong authorities as part of Sita's acquisition of the international activities of Browning Ferris Industries and a counter-guarantee provided by Sita. This commitment did not note any amount or term.
- Guarantee agreement provided under of the contract related to the Nent landfill site.

These agreements expired on December 28, 2009 and were replaced by new agreements that fall outside the scope of regulated agreements.

Agreement with Crédit Agricole SA

Vendor warranty in connection with the transfer of majority control of Banque Indosuez to Crédit Agricole SA. As of December 31, 2009, the maximum amount that may be drawn down under this vendor warranty is €361 million.

This agreement had no impact on fiscal year 2009.

Agreement with Findim

The joint and several surety provided by SUEZ to the purchaser of ISM SA for the payment of all sums due by Findim expired during the 2008 fiscal year. At present, only the calls in warranty implemented before the surety expiration date remain.

This agreement had no impact on fiscal year 2009.

7.3.3 TRANSACTIONS WITH RELATED PARTIES IN EFFECT IN 2009

Refer to Note 25 “Related party transactions” in Section 11.2 hereto.

7.3.4 SERVICE CONTRACTS BINDING MEMBERS OF CORPORATE GOVERNANCE BODIES

GDF SUEZ is unaware of any service contract binding members of the Company’s corporate governance bodies or any of its subsidiaries that provides for granting of benefits under such a contract.

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7.3.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments.

Agreements and commitments authorized during the year

Pursuant to Article L.225-40 of the French Commercial Code (Code de commerce), the following agreements and commitments, which were previously authorized by your Board of Directors, have been brought to our attention.

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Agreements and commitments authorized by the GDF SUEZ Board of Directors in 2009

With the French State

a) Nature and purpose : agreement to exercise the exceptional dividend payment option in shares for fiscal year 2008 by the French State

The Board of Directors, at its March 4, 2009 meeting, decided to propose to the Combined Shareholders' Meeting of May 4, 2009, the option to opt for the payment of dividends in shares, for the exceptional dividend increase of 0.80 euro per share.

With this possibility, the French State expressed its wish to exercise this option and formalize its decision contractually. Pursuant to the contract, signed on March 6, 2009 and made public, the French State has irrevocably undertaken to exercise this option provided that the resolution relating to the distribution of dividends in shares is adopted by the Shareholders' Meeting.

Since the third resolution of the Combined Shareholders' Meeting of May 4, 2009 relating to the appropriation of income and the setting of the dividend for fiscal year 2008, was approved by the Shareholders' Meeting, the French State acquired 29,699,153 new GDF SUEZ shares.

This agreement was expressly authorized by the Board of Directors on March 4, 2009.

b) Nature and purpose: Public Service contract

In December 2009, GDF SUEZ signed a public service contract with the French State. The purpose of this contract is to compile and identify the commitments made by GDF SUEZ, with respect to directly managed activities as well as its natural gas distribution (GrDF), natural gas transmission (GRTgaz) networks, and underground natural gas storage (Storengy) and methane tanker (Elengy) activities at its subsidiaries with a view to ensuring the durability of the public service missions entrusted to the company by the French legislators. This contract covers 2010-2013 and may be extended by six months failing the signature of a new contract.

This contract sets forth the commitments made by the Group in terms of (i) responsibility towards its users, (ii) safety of people and property, (iii) solidarity and assistance to low-income customers, and (iv) sustainable development and research.

Concerning its tariffs, this contract redefines the overall regulatory framework for setting and changing regulated tariffs for natural gas in France. A ministerial order specifies the rate changing mechanism for 2010. The mechanism as a whole establishes rules and covers responsibilities for the various players over 2010-2013.

Each year, the Government will publish a ministerial order establishing the conditions according to which the regulated tariff for natural gas may change in the coming year. Between two ministerial orders, GDF SUEZ may request the French Energy Regulation Commission (CRE) to make tariff adjustments to take into account changes in index prices included in the tariff formula.

At its December 9, 2009 meeting, the Board of Directors expressly authorized this agreement.

Agreements and commitments authorized in previous years and having continuing effect during the year

Moreover, in accordance with the French Commercial Code, we have been informed that the performance of the following agreements and commitments, approved in previous fiscal years, continued during the year.

1. With Groupe Bruxelles Lambert, Caisse des Dépôts et Consignations, CNP Assurances, Sofina, Areva and SUEZ Environnement Company

a) Nature and purpose: SUEZ Environnement Company Shareholders' Agreement

In connection with the spinoff-distribution of the SUEZ Environnement Division ("Spinoff-Distribution"), Groupe Bruxelles Lambert, Sofina, Caisse des Dépôts et Consignations, Areva and CNP Assurances, as well as SUEZ Environnement Company entered into a renewable 5-year shareholders' agreement on June 5, 2008, as of the date of completion of the Spinoff-Distribution. The shareholders' agreement shall constitute an agreement whereby the parties shall be considered to be acting in concert within the meaning of Article L.233-10 of the French Commercial Code, and within which GDF SUEZ shall play a major role. The consequence of this shareholders' agreement shall be to confer the control of SUEZ Environnement Company to GDF SUEZ.

The shareholders' agreement shall be terminated early should (i) all of the securities covered by the shareholders' agreement represent less than 20% of the share capital of SUEZ Environnement Company, or should (ii) GDF SUEZ no longer be the majority shareholder acting in concert pursuant to the shareholders' agreement. Furthermore, should any party to the shareholders' agreement own less than one third of its initial shareholding interest, the shareholders' agreement shall be terminated with respect to that specific party but all of its provisions shall remain in force with respect to all the other parties.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

b) Nature and purpose: amendment to the SUEZ Environnement Company Shareholders' Agreement

Following its signature, an amendment was made to the aforementioned June 5, 2008 shareholders' agreement

According to the terms of the agreement, the composition of the governing bodies of SUEZ Environnement and SUEZ Environnement Company shall remain identical at all times and the decisions concerning the subsidiaries controlled by SUEZ Environnement Company, if they are made at the corporate level, shall be submitted to the Board of Directors, and receive the prior approval of the Board of Directors of SUEZ Environnement Company.

In order to simplify the operational functioning of the SUEZ Environnement Company group, the parties to this agreement agreed, by amendment, to remove the obligation to replicate the composition of the governing bodies of SUEZ Environnement Company within the governing bodies of SUEZ Environnement. It being specified that SUEZ Environnement Company shall ensure that the decisions impacting the controlled subsidiaries are effectively implemented by the relevant subsidiaries in accordance with the decisions made by the Board of Directors.

The GDF SUEZ Board of Directors expressly approved the amendment to the SUEZ Environnement Company shareholders' agreement at its October 22, 2008 meeting. The amendment entered into force on December 18, 2008.

2. With SUEZ Environnement Company

Nature, terms and conditions: cooperation and shared functions agreement

A cooperation and shared functions agreement was entered into between SUEZ and SUEZ Environnement Company. Pursuant to this agreement, SUEZ and SUEZ Environnement Company agreed to continue their cooperation mainly in the areas of strategy, accounting matters, internal control, audit and risk management, finance, tax policy, IT services and communication, it being specified that all of the rights and obligations of SUEZ arising under the agreement shall be transferred to GDF SUEZ.

Subject to legislative and regulatory provisions, the employees of SUEZ Environnement Company and its subsidiaries shall be eligible to future grants of stock options and free shares, as well as future employee savings at GDF SUEZ.

Finally, SUEZ Environnement Company and SUEZ agreed that SUEZ Environnement Company shall continue to benefit from the centralized services provided by GDF SUEZ and notably, the GDF SUEZ centers of expertise.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

3. With SUEZ Environnement

a) Nature and purpose: trade name licensing agreement

In connection with the spinoff-distribution of the SUEZ Environnement Division ("Spinoff-Distribution"), SUEZ and SUEZ Environnement entered into a trade name licensing agreement pursuant to which SUEZ granted to SUEZ Environnement, for a period of five years as from the date of completion of the merger between Gaz de France and SUEZ (tacitly renewable), the right to use, on a non-exclusive basis and for no consideration, the "SUEZ" trade name in its corporate name as well as in certain trade names.

The agreement provides that SUEZ shall have a right of inspection in respect of the communication and promotional sales actions planned by SUEZ Environnement.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

b) Nature and purpose: economic transfer in favor of SUEZ Environnement of the rights and obligations related to the shareholding interest held by SUEZ in the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fe

In connection with the spinoff-distribution of the SUEZ Environnement Division ("Spinoff-Distribution"), SUEZ and SUEZ Environnement entered into an agreement with respect to the economic transfer, in favor of SUEZ Environnement, of the rights and obligations

related to the shareholding interests held by SUEZ in the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fe, relating thereto to and arising there from (the "Argentine Rights"). SUEZ and SUEZ Environnement have agreed, in particular, that:

- SUEZ transfers to SUEZ Environnement the advantages of:
  - The economic rights related to owning shares in the Argentine companies, in respect of any amounts that SUEZ would receive as part of current or future procedures, etc. ;
  - Non-monetary rights related to owning shares in the Argentine companies;
- Costs, court-awarded damages and any other damages of an economic nature (excluding trade name and/or corporate image damages) which could arise from the ownership of shares in the Argentine companies (the "Argentine Risks") shall be borne by:
  - SUEZ for the residual amount of the provision for corresponding contingencies recorded in the SUEZ accounts (€63.3 million as of December 31, 2007) and;
  - SUEZ Environnement for the portion in excess of this amount;
- SUEZ shall pay to SUEZ Environnement the amount of any provision reversal, and, if applicable, the remaining balance of such provision as of the date of extinguishment of the Argentine Risks or as the end of the agreement;
- SUEZ shall transfer to SUEZ Environnement the ownership of the shares in the Argentine companies upon the first request of the latter.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

Terms and conditions

In 2009, SUEZ Environnement re-billed €1.6 million in legal fees to GDF SUEZ.

c) Nature and purpose: call option for the Gas Natural shares held by SUEZ Environnement Company

In connection with the spin-off of SUEZ Environnement Company and the resulting inter-group restructuring arising there from, SUEZ Environnement Holding BE, a wholly-owned subsidiary of SUEZ Environnement Company, acquired 11,487,152 Gas Natural shares from Hisusa, a 51% owned SUEZ Environnement subsidiary, on October 28, 2008.

In a letter dated November 18, 2008, SUEZ Environnement undertook to sell these shares to GDF SUEZ or any other group entity, should GDF SUEZ request that it do so. In this context, SUEZ Environnement granted GDF SUEZ a call option on the 11,487,152 Gas Natural shares, which could be exercised between November 21, 2008 and November 20, 2009.

The agreement was expressly authorized by the Board of Directors on November 12, 2008 and the setting up of the call option did not result in the payment of a premium to SUEZ Environnement.

This option has not been exercised.

d) Nature and purpose:

SUEZ had a counter-guarantee from Sita for the guarantees provided by your Company to the Hong Kong authorities as part of the acquisition by Sita of Browning-Ferries Industries' international activities. This undertaking did not mention any amount or term.

Furthermore, SUEZ granted a guarantee in connection with the call for tenders regarding the Nent landfill.

These agreements terminated on December 28, 2009.

4. With SUEZ Finance (which has become GDF SUEZ Finance), SUEZ Environnement Company and SUEZ Environnement

Nature and purpose

In connection with the spinoff-distribution of the SUEZ Environnement Division ("Spinoff-Distribution"), SUEZ, SUEZ Finance (which has become GDF SUEZ Finance), SUEZ Environnement Company and SUEZ Environnement entered into a financing framework agreement on June 5, 2008 setting the main terms and conditions of future financing of the SUEZ Environnement Company group for 2008-2010. Financing shall be provided by GDF SUEZ Finance (formerly SUEZ Finance) or any other entity of the SUEZ Group and may be granted to any entity of the SUEZ Environnement Company group, SUEZ Environnement Company or SUEZ Environnement agreeing to act as guarantor in the event where financing is granted to one of their subsidiaries. The total overall financing granted shall be limited to the total amount of SUEZ Environnement Company group financing requirements, as agreed to annually between SUEZ and SUEZ Environnement Company. Loans shall be granted at standard market terms and conditions on an arm's length basis, depending on the term of the loan.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

Terms and conditions

In connection with this financing agreement, GDF SUEZ Finance SA granted loans to the SUEZ Environnement Company group of an overall amount of €884.1 million as well as current account advances amounting to €386.5 million as of December 31, 2009. Net financial income generated since the signature of the agreements totaled €46.4 million as of December 31, 2009.

5. Retirement benefits for executive corporate officers

Nature and purpose

Considering the substantial differences between the retirement benefits of Mr. Gérard Mestrallet at SUEZ and Mr. Jean-François Cirelli at Gaz de France, it was decided to maintain, temporarily, the retirement plans currently in force. It should be noted that Mr. Gérard Mestrallet benefits from the collective retirement plans set up at SUEZ whereas Mr. Jean- François Cirelli is affiliated with the legally defined plan set up for executives who are members of the national retirement plan for the electricity and gas industries.

At its November 12, 2008 meeting, your Board of Directors expressly approved the proposals of the Compensation Committee regarding the continuation of the current retirement plans of the Chairman and Chief Executive Officer and the Senior Executive Vice-President. The Compensation Committee was given the task of analyzing the setting up of a new additional collective retirement plan for the senior executives of the GDF SUEZ Group within a year.

These provisions were not modified in fiscal year 2009.

6. With Electrabel

Nature and purpose: sale of SUEZ Tractebel securities

On July 19, 2007, SUEZ entered into a share purchase agreement with Electrabel whereby it agreed to sell all of its SUEZ Tractebel shares to Electrabel, with the transfer of ownership to the shares taking place on July 24, 2007. The SUEZ Board of Directors, at its July 4, 2007 meeting, expressly approved the sale transaction as well as the agreement.

The agreement included vendor warranties to cover liabilities for a maximum amount of €1.5 billion and for a maximum period ending March 31, 2013.

Terms and conditions

This agreement had no impact on fiscal year 2009.

7. With GDF SUEZ Group companies which are members of the GIE SUEZ Alliance

Nature and purpose: membership of GIE SUEZ Alliance (which has become GIE GDF SUEZ Alliance)

In its meeting on July 4, 2001, your Board of Directors authorized the creation of a special-purpose financing vehicle, the GIE SUEZ Alliance (which has become GIE GDF SUEZ Alliance), and the membership of SUEZ in this Economic Interest Group (E.I.G.).

During this same meeting, your Board of Directors approved the guarantee granted by SUEZ for the benefit of the other members of the E.I.G. that are subsidiaries of SUEZ. Consequently, GDF SUEZ, in its capacity as parent company of the Group, will be the ultimate guarantor for any debt incurred by the members and exceeding their share.

Terms and conditions

These agreements had no impact on fiscal year 2009.

8. With GDF SUEZ Group companies that are not members of the GIE SUEZ Alliance (which has become GIE GDF SUEZ Alliance)

Nature and purpose

In its meeting on March 9, 2005, the SUEZ Board of Directors expressly authorized the extension of the GIE SUEZ Alliance (which has become GIE GDF SUEZ Alliance) activities to the most significant subsidiaries of SUEZ that are not members of the GIE SUEZ Alliance, in order to facilitate their financings.

In its capacity as parent company of the Group, your Company shall be the ultimate guarantor with respect to these subsidiaries for any debt incurred that exceeds the pro rata share of the member company acting as guarantor.

Terms and conditions

This agreement had no impact on fiscal year 2009.

9. With FirstMark Communication France

Nature and purpose

In its meeting on April 26, 2002, the SUEZ Board of Directors authorized the contribution by SUEZ of FirstMark Communication France to Neuf Telecom (formerly LD Com), corresponding to a value of €210 million.

This contribution includes certain direct commitments in favor of Neuf Telecom and a guarantee for all of the obligations of three of your Company's subsidiaries that were merged with SUEZ Communication during fiscal year 2004. Only warranties relating to tax matters still exist.

Terms and conditions

This agreement had no impact on fiscal year 2009.

10. With Ondeo Nalco

Nature and purpose

As part of the sale by Ondeo Nalco of its corporate headquarters, followed by the signature of a 25-year lease agreement, which is renewable, the SUEZ Board of Directors, in its meeting on November 20, 2002, authorized SUEZ to issue a guarantee with respect to all of Ondeo Nalco's obligations. In its meeting of August 26, 2003, the Board of Directors voted to maintain this guarantee after the sale of Ondeo Nalco.

The guarantee is unlimited for the term of the leasehold obligations (including renewals) and obligations relating to other agreements. This guarantee is irrevocable and unconditional.

Ondeo Nalco is counter-guaranteeing SUEZ and both companies are signatories to a "Participation Agreement", within the scope of this transaction, the corresponding agreements had been previously authorized.

Terms and conditions

This guarantee had no impact on fiscal year 2009.

11. With Elyo (which has become GDF SUEZ Energie Services)

Nature and purpose

The SUEZ Board of Directors, in its meeting on July 4, 2001, authorized the performance guarantee granted in favor of SUEZ Energie Services (formerly Elyo), relating to the construction and operation of a household waste incineration plant in Rillieux-la-Pape (Rhône). This agreement shall terminate on June 30, 2019.

Terms and conditions

This agreement had no impact on fiscal year 2009.

12. With Cofixel

Nature and purpose

The SUEZ Board of Directors, in its meeting of July 4, 2001, authorized the sale of Ineo, Entrepose et Delattre-Levivier to Cofixel (the French holding company of the Fabricom group). During this same meeting, the SUEZ Board of Directors also authorized a certain number of other guarantees, for an overall amount limited to €40 million and relating to all the companies sold. Only the warranties relating to the appeal in respect of litigation remain in force as of today.

Terms and conditions

This agreement had no impact on fiscal year 2009.

13. With Crédit Agricole S.A

Nature and purpose

SUEZ granted vendor warranties to Crédit Agricole SA as part of the sale of a majority controlling interest in Banque Indosuez. The maximum amount that may be drawn down in respect of the seller's warranty amounts to €361 million as of December 31, 2009.

Terms and conditions

This agreement had no impact on fiscal year 2009.

14. With Findim

Nature and purpose

The joint and several guarantees given to the buyer of ISM SA for all payments owed by Findim concerning the triggering of the warranties granted as part of the sale of ISM SA expired during fiscal year 2008. Only the warranty claims made before the expiration of the joint and several guarantees remain in force as of today.

Terms and conditions

This agreement had no impact on fiscal year 2009.

Neuilly-sur-Seine and Paris - La Défense, March 22, 2010

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

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7.4 COMPENSATION AND BENEFITS OF MEMBERS OF CORPORATE GOVERNANCE BODIES

7.4.1 COMPENSATION OF CORPORATE EXECUTIVE OFFICERS

7.4.1.1 Fixed compensation and retirement plan

Compensation of corporate executive officers is determined by the Board of Directors based on Compensation Committee proposals, taking into account comparisons with comparable companies in France and Europe, as well as the level of achievement of quantitative and qualitative targets set for each. The information provided in this Section is consistent with the AFEP-MEDEF Code of Corporate Governance for listed companies.

In 2009, SUEZ paid Gérard Mestrallet, Chairman and Chief Executive Officer, total fixed compensation of €1,403,227, including benefits in kind of €3,227.

In 2009, Gaz de France paid Jean-François Cirelli, Vice-Chairman and President, total fixed compensation of €1,001,261, including benefits in kind of €1,261.

At its meeting of January 20, 2010, on the recommendation of the Compensation Committee, the Board maintained the same fixed compensation in 2010 as for 2009, for the two executive corporate officers.

With regard to retirement plans and given the significant differences in the retirement plans for Gérard Mestrallet at SUEZ and Jean-François Cirelli at Gaz de France, at its meeting of November 12, 2008, the Board of Directors of GDF SUEZ approved the Compensation Committee's proposals regarding the renewal of the retirement plans of the Chairman and Chief Executive Officer, who will continue to be covered by the group retirement system applicable to executives of the former SUEZ Group, and the Vice-Chairman and President, who will continue to be covered by the special retirement plan for electric and gas industries applicable to Gaz de France. This decision, formalized under a regulated agreement, was submitted to and approved by the GDF SUEZ Shareholders' Meeting of May 4, 2009. No changes were made in 2009 to the retirement plans covering Gérard Mestrallet and Jean-François Cirelli.

Gérard Mestrallet is not covered by an individual retirement benefit plan. In addition to the common law pension systems (known under the French acronyms CNAV, ARRCO and AGIRC), he is covered by group retirement plans applicable to all executives of the former SUEZ group, which are as follows:

- a defined contribution plan that applies to all employees of the former SUEZ SA (set up under the 1988 company agreement, as amended in 2005). The basis used is gross annual compensation and contribution rates are as follows: 5% bracket A (equivalent to the social security ceiling), 8% bracket B (three times the social security ceiling), 5% bracket C (four times the social security ceiling); and
- a defined benefit plan (unilateral decision of 1991, as amended on October 1, 1998 and January 1, 2006). This plan concerns employees earning from four to fifty times the annual French social security ceiling. It provides for payment of an annuity equal to the difference between the annual components of the annuity, based on 2% of the portion (referred to as bracket C) of gross annual compensation between four and eight times the social security ceiling, plus 4% of the portion (referred to as bracket D) of gross annual compensation between four and fifty times the social security ceiling. This annuity will be reduced by the amount of any other annuities paid under supplemental retirement plans calculated based on bracket C of compensation.

The benefits paid under the defined benefits plan are calculated based on a maximum of ten years' of service in the Group. In addition, they are somewhat uncertain as the employee must be on the Group's payroll when the benefit is awarded under a legally-mandated pension plan. If the 10-year maximum period has not been reached, the corresponding benefits are prorated based one the employee's actual length of service.

Jean-François Cirelli is covered by a mandatory special statutory retirement system, which is defined by the national status of employees of the electricity and gas industries (IEG), instituted by the French Nationalization Law of April 8, 1946 and the Decree of June 22, 1946. This retirement plan is managed by the *Caisse Nationale des Industries Électriques et Gazières*.

The amount of retirement benefits paid based on a career affiliated with the IEG's special retirement system is proportional to the end-of-career compensation, excluding bonuses, in the electricity and gas industries. The proportionality coefficient is equal to the number of years service in the electricity and gas industries, multiplied by 75% of the required length of service (currently 41 years), i.e. 1.83% per year of service in the electricity and gas industries.

GDF SUEZ does not offer any bonus system (to corporate officers for joining or leaving).

7.4.1.2 Employment contract, special retirement plans, severance pay and no competition clause

	Employment contract	Supplemental retirement plan	Compensation or other benefits payable (or liable to be payable) in the event of termination or a change of function	Compensation due under a no competition clause
Gérard Mestrallet Chairman and Chief Executive Officer	Yes[(a)]	Yes[(b)]	No[(a)]	No
Jean-François Cirelli Vice-Chairman and President	No	No[(b)]	No	No

(a) This employment contract dated June 1986 and has been suspended since Gérard Mestrallet was appointed Chairman and CEO of SUEZ in July 1995. Since then, it has never been modified by the Board of Directors. As such, it does not cover his compensation or the duration of his duties as Chairman and CEO.
The reappointment of Gérard Mestrallet as Chairman and CEO of GDF SUEZ will occur after the General Shareholders' Meeting to be held in 2012 to approve the 2011 financial statements. At that time, the Board's Compensation Committee will review the steps involved in terminating Gérard Mestrallet's employment contract and will make the appropriate recommendations to the Board of Directors, in accordance with the AFEP-MEDEF Code of Corporate Governance for listed companies.

(b) See Section 7.4.1.1.

7.4.1.3 Variable compensation

The gross variable compensation paid by GDF SUEZ in 2009 for the full 2008 year was €1,830,360 for Gérard Mestrallet and €735,413 for Jean-François Cirelli.

Variable compensation was 25%, based on the actual completion of the merger (target bonus reached) and 25% based on its implementation (target bonus reached). The remaining 50% was based on the assessment of economic performance at June 30, 2008 of both Gaz de France and SUEZ prior to the merger. For the former SUEZ group, that was based on changes in EBITDA and current operating income over the period. For the former Gaz de France, performance was assessed based on the Group's net income, gross operating surplus and a productivity indicator.

Based on the combination of results achieved as measured by these two sets of indicators, the target bonus of nearly 9% was exceeded.

On the proposal of the Compensation Committee, the Board of Directors of GDF SUEZ, at its meeting of March 3, 2010, set the fiscal year 2009 variable compensation to be paid in 2010 at €1,935,266 for Gérard Mestrallet and €1,063,334 for Jean-François Cirelli.

These sums were based 70% on quantitative criteria (1/3 on earnings criteria such as EBITDA and free cash flow, 1/3 on criteria related to capital structure, such as ENL1 and debt ratio, and 1/3 based on completing year one of the EFFICIO performance plan) and 30% on qualitative objectives (15% strategic component, 15% social solidarity component). The 2009 quantitative targets were based on the Group's projected budget as adopted by the Board of Directors at the beginning of the 2009 fiscal year.

Gérard Mestrallet's variable compensation is capped at 150% of his fixed compensation and his target bonus is set at 130% of the same base figure. Jean-François Cirelli's target bonus is set at 100% of his fixed compensation.

7.4.1.4 Summary of compensation of each Corporate Executive Officer

	Fiscal Year 2009		Fiscal Year 2008			
	from January 1 to December 31		from July 22 to December 31		from January 1 to July 22	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Gaz de France						
Jean-François Cirelli *Chairman and Chief Executive Officer*						
Fixed compensation	Not applicable	Not applicable	Not applicable	Not applicable	238,472	238,472
Variable compensation	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	130,819
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable	0	0
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable	0	0
Benefits in kind[1]	Not applicable	Not applicable	Not applicable	Not applicable	264	264
TOTAL	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	**238,736**	**369,555**
Yves Colliou *Chief Operating Officer*						
Fixed compensation	Not applicable	Not applicable	Not applicable	Not applicable	209,025	209,025
Variable compensation	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	123,297
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable	0	0
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable	0	0
Benefits in kind[1]	Not applicable	Not applicable	Not applicable	Not applicable	2,021	2,021
TOTAL	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	**211,046**	**334,343**
Jean-Marie Dauger *Chief Operating Officer*						
Fixed compensation	Not applicable	Not applicable	Not applicable	Not applicable	209,567	209,567
Variable compensation	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	123,297
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable	0	0
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable	0	0
Benefits in kind[1]	Not applicable	Not applicable	Not applicable	Not applicable	8,536	8,536
TOTAL	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	**218,103**	**341,400**
SUEZ						
Gérard Mestrallet *Chairman and Chief Executive Officer*						
Fixed compensation	Not applicable	Not applicable	Not applicable	Not applicable	551,717	551,717
Variable compensation[4]	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1,442,350
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable	0	0
Directors' fees[5]	Not applicable	Not applicable	Not applicable	Not applicable	92,283	92,283
Benefits in kind[2]	Not applicable	Not applicable	Not applicable	Not applicable	1,614	1,614
TOTAL:	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	**645,614**	**2,087,964**

For footnotes: see page 222.

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(in euros)	Fiscal Year 2009		Fiscal Year 2008			
	from January 1 to December 31		from July 22 to December 31		from January 1 to July 22	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
GDF SUEZ						
Gérard Mestrallet *Chairman and Chief Executive Officer*						
Fixed compensation(3)	1,199,369	1,199,369	624,677	624,677	Not applicable	Not applicable
Variable compensation(4)	1,935,266	1,830,360	1,830,360	Not applicable	Not applicable	Not applicable
Exceptional compensation	0	0	0	0	Not applicable	Not applicable
Directors' fees(5)	200,631	200,631	69,000	69,000	Not applicable	Not applicable
Benefits in kind(2)	3,227	3,227	1,614	1,614	Not applicable	Not applicable
TOTAL:	**3,338,493**	**3,233,587**	**2,525,651**	**695,291**	**NOT APPLICABLE**	**NOT APPLICABLE**
Jean-François Cirelli *Vice-Chairman and President*						
Fixed compensation(3)	1,000,000	1,000,000	322,839	322,839	Not applicable	Not applicable
Variable compensation(4)	1,063,334	735,413	735,413	Not applicable	Not applicable	Not applicable
Exceptional compensation	0	0	0	0	Not applicable	Not applicable
Directors' fees	0	0	0	0	Not applicable	Not applicable
Benefits in kind(1)	1,261	1,261	189	189	Not applicable	Not applicable
TOTAL:	**2,064,595**	**1,736,674**	**1,058,441**	**323,028**	**NOT APPLICABLE**	**NOT APPLICABLE**

(1) Benefits in kind include: vehicle and/or energy.

(2) Benefits in kind include: vehicle.

(3) It is noted that as the new GDF SUEZ Group was enlarged in 2008, the Board of Directors decided to realign the compensation of the members of General Management from Gaz de France (including that of Jean-François Cirelli) with compensation awarded by SUEZ; also, in light of the changes in responsibility within the Company following the merger, the Board decided to increase the CEO's fixed compensation by 8% (effective on the date of the merger, 22 July 2008), and to increase the fixed compensation of the Vice-Chairman and President, in two stages (July 22, 2008 and January 1, 2009) to approximately 70% of that of the CEO.

(4) Total variable compensation for 2008 was resolved and paid in March 2009.
Total variable compensation for 2009 was resolved and paid in March 2010.

(5) Directors' fees paid are deducted from the fixed salary due in the same fiscal year. The amount for 2008 (161,283 euros) was prorated in an effort to complete the columns for "directors fees due" between January 1 and July 22, 2008, and between July 22 and December 31, 2008.

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7.4.1.5 Summary of compensation, options and shares granted to each Corporate Executive Officer

The following table summarizes the components of the compensation of the corporate executive officers presented in the previous and following tables. It corresponds to Table 1 of the AMF (French financial markets authority) recommendation of December 22, 2008.

	Fiscal Year 2009	Fiscal Year 2008	
(in euros)	from January 1 to December 31	from July 22 to December 31	from January 1 to July 22
Gaz de France			
Jean-François Cirelli *Chairman and Chief Executive Officer*			
Compensation due for the fiscal year *(detailed in Section 7.4.1.4)*	Not applicable	Not applicable	238,736
Valuation of options granted during the year	Not applicable	Not applicable	Not applicable
Valuation of performance shares granted during the year	Not applicable	Not applicable	1,209[a]
TOTAL	NOT APPLICABLE	NOT APPLICABLE	239,945[e]
Yves Colliou *Chief Operating Officer*			
Compensation due for the fiscal year *(detailed in Section 7.4.1.4)*	Not applicable	Not applicable	211,046
Valuation of options granted during the year	Not applicable	Not applicable	Not applicable
Valuation of performance shares granted during the year	Not applicable	Not applicable	1,209[a]
TOTAL	NOT APPLICABLE	NOT APPLICABLE	212,255
Jean-Marie Dauger *Chief Operating Officer*			
Compensation due for the fiscal year *(detailed in the preceding table)*	Not applicable	Not applicable	218,103
Valuation of options granted during the year	Not applicable	Not applicable	Not applicable
Valuation of performance shares granted during the year	Not applicable	Not applicable	1,209[a]
TOTAL	NOT APPLICABLE	NOT APPLICABLE	219,312
SUEZ			
Gérard Mestrallet *Chairman and Chief Executive Officer*			
Compensation due for the fiscal year *(detailed in the preceding table)*	Not applicable	Not applicable	645,614
Valuation of options granted during the year	Not applicable	Not applicable	0
Valuation of performance shares granted during the year	Not applicable	Not applicable	0
TOTAL	NOT APPLICABLE	NOT APPLICABLE	645,614[d]

(in euros)	Fiscal Year 2009 from January 1 to December 31	Fiscal Year 2008 from July 22 to December 31	Fiscal Year 2008 from January 1 to July 22
GDF SUEZ			
Gérard Mestrallet *Chairman and Chief Executive Officer*			
Compensation due for the fiscal year *(detailed in the preceding table)*	3,338,493	2,525,651	Not applicable
Valuation of options granted during the year	0[c]	0[b]	Not applicable
Valuation of Performance Shares granted during the year	0[c]	256,140[a]	Not applicable
TOTAL	3,338,493	2,781,791[d]	NOT APPLICABLE
Jean-François Cirelli *Vice-Chairman and President*			
Compensation due for the fiscal year *(detailed in the preceding table)*	2,064,595	1,058,441	Not applicable
Valuation of options granted during the year	0[c]	0[b]	Not applicable
Valuation of performance shares granted during the year	0[c]	170,760[a]	Not applicable
TOTAL	2,064,595	1,229,201[e]	NOT APPLICABLE

(a) Based on the method used for the consolidated financial statements.
(b) Gérard Mestrallet and Jean-François Cirelli waived the stock options that were granted to them by the GDF SUEZ Board meeting of November 12, 2008. It is further noted that under the SUEZ stock option plan of November 14, 2007, Gérard Mestrallet, Chairman and CEO of SUEZ, received neither stock options nor Performance Shares, at his request.
(c) Along with the other members of the Executive Committee, Gérard Mestrallet and Jean-François Cirelli announced at the General Shareholders' Meeting of May 4, 2009 their waiver of any stock options that might be granted to them in the 2009 fiscal year. Gérard Mestrallet and Jean-François Cirelli also waived the award of Performance Shares in 2009.
Therefore, at their request, Gérard Mestrallet, Chairman and CEO of GDF SUEZ, and Jean-François Cirelli, Vice-Chairman and President of GDF SUEZ, received neither options nor Performance Shares in the 2009 fiscal year.
(d) Total compensation in 2008 consisted in part of compensation from the former SUEZ (€645,615) and of compensation from GDF SUEZ (€2,781,791).
(e) Total compensation in 2008 consisted in part of compensation from the former Gaz de France (€239,945) and of compensation from GDF SUEZ (€1,229,201).

In summary, regarding the corporate executive officers of GDF SUEZ, total compensation and benefits for the Chairman and CEO and the Vice-Chairman and President for 2009 is broken down as follows:

(in euros)	Fixed compensation	Variable compensation	Total compensation	Valuation of options granted	Valuation of performance shares granted
Gérard Mestrallet *Chairman and Chief Executive Officer*	1,403,227[a]	1,935,266[c]	3,338,493	0	0
Jean-François Cirelli *Vice-Chairman and President*	1,001,261[b]	1,063,334[c]	2,064,595	0	0

(a) Including benefits in kind of €3,227.
(b) Including benefits in kind of €1,261.
(c) Amount paid in March 2010.

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7.4.2 COMPENSATION OF NON-CORPORATE EXECUTIVE OFFICERS (MEMBERS OF THE MANAGEMENT COMMITTEE AND MEMBERS OF THE EXECUTIVE COMMITTEE)

The compensation of these executive officers includes both a fixed and variable portion.

Changes in the fixed portion of compensation are linked to changes in specific situations, expansion or significant change in responsibilities, repositioning necessary, in view of internal equity or a clear discrepancy vis-à-vis the external market.

The main purpose of the variable portion is to reward the contributions of executive officers to the Group's results.

For members of the Management Committee, the variable portion paid in 2009 for the 2008 fiscal year was determined as for Gérard Mestrallet and Jean-François Cirelli – i.e., based 50% on the implementation of the merger and 50% on quantitative criteria measuring the economic performance of both companies at June 30, 2008. The same average percentage for exceeding quantitative targets was applied to the entire Board of Directors, representing 117.9% of the target bonus.

For Executive Committee members (excluding the Management Committee), it was based 50% on qualitative criteria and 50% on quantitative criteria (operating income, EBITDA, or gross operating surplus).

SUMMARY TABLE OF GROSS COMPENSATION, INCLUDING BENEFITS IN KIND, FOR NON-CORPORATE EXECUTIVE OFFICERS (EXECUTIVE COMMITTEE MEMBERS)

	2009	2008
	from January 1 to December 31	from January 1 to July 22
Gaz de France		
Fixed *(in euros)*	Not applicable	927,424
Variable *(in euros)*	Not applicable	471,960
TOTAL *(in euros)*	**NOT APPLICABLE**	**1,399,384**
Number of members	Not applicable	6
SUEZ		
Fixed *(in euros)*	Not applicable	2,601,457
Variable *(in euros)*	Not applicable	6,499,581
TOTAL *(in euros)*	**NOT APPLICABLE**	**9,101,038**
Number of members	Not applicable	9

	2009	2008
	from January 1 to December 31	(from July 22 to December 31)
GDF SUEZ		
Fixed *(in euros)*	9,401,498	4,104,201
Variable *(in euros)*	10,084,678	927,467
TOTAL *(in euros)*	**19,486,176**	**5,031,668**
Number of members	17	17

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7.4.3 RETIREMENT PROVISION

The total funded amount of retirement commitments in the financial statements as of December 31, 2009 for members of the Executive Committee and the Management Committee stands at €40.2 million.

7.4.4 COMPENSATION OF NON-EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS

7.4.4.1 Directors and non-voting directors appointed by the Shareholders' Meeting

Upon motion of the Board of Directors, the Shareholders' Meeting sets the total annual amount of Directors' fees, to be distributed by the Board among its members.

Based on a proposal by the Compensation Committee, the Board of Directors of GDF SUEZ, at its meeting of August 29, 2008, established the rules for distributing the total annual budget set by the Gaz de France Shareholders' Meeting of July 16, 2008 amounting to €1.4 million, in line with an individual distribution system of Directors' fees, combining a fixed portion with a variable portion based on the attendance of Directors and non-voting Directors at Board and Committee meetings. The distribution rules are indicated below, it being specified that Gerard Mestrallet, Chairman and CEO, and Jean-François Cirelli, Vice-Chairman and President, received no Directors' fees for their participation in the GDF SUEZ Board of Directors.

DISTRIBUTION OF DIRECTORS' FEES TO NON-EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING

Director	
• Fixed portion	€35,000 per year
• Variable portion relating to attendance	€2,571 per meeting The maximum variable amount per director is capped at €17,997 per year
Non-voting director	
• Fixed portion	€20,000 per year
• Variable portion relating to attendance	€2,571 per meeting, limited to seven meetings The maximum variable amount per director is capped at €17,997 per year
Audit Committee	
Chairman:	
• Fixed portion	€25,000 per year *€40,000 per year starting in fiscal year 2010* *by Board of Directors' decision of January 20, 2010*
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€10,000 per year
• Variable portion relating to attendance	€1,000 per meeting

Strategy and Investments Committee	
Chairman:	
• Fixed portion	€25,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Ethics, Environment and Sustainable Development Committee	
Chairman:	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Compensation Committee	
Chairman:	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Nominations Committee	
Chairman:	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting

On the basis of the above, non-executive Directors received the Directors' fees indicated in the table below for fiscal year 2009. No other compensation has been paid by the Company or companies controlled by the Company for said fiscal year.

DIRECTORS' FEES PAID TO NON-EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING

(in euros)	Fiscal Year 2009[a] from January 1 to December 31	Fiscal Year 2008[a] from July 22 to December 31	Fiscal Year 2008[a] from January 1 to July 22
Gaz de France			
Jean-Louis Beffa	Not applicable	Not applicable	23,000
Aldo Cardoso	Not applicable	Not applicable	42,400
Guy Dollé	Not applicable	Not applicable	18,400[b]
Philippe Lemoine	Not applicable	Not applicable	22,100
Peter Lehmann	Not applicable	Not applicable	34,500[b]
TOTAL	**NOT APPLICABLE**	**NOT APPLICABLE**	**140,400**
SUEZ			
Albert Frère	Not applicable	Not applicable	23,500[b]
Edmond Alphandéry	Not applicable	Not applicable	30,500
René Carron	Not applicable	Not applicable	36,500
Étienne Davignon	Not applicable	Not applicable	36,500[b]
Paul Desmarais Jr.	Not applicable	Not applicable	25,000[b]
Richard Goblet d'Alviella	Not applicable	Not applicable	32,000[b]
Jacques Lagarde	Not applicable	Not applicable	37,500[b]
Anne Lauvergeon	Not applicable	Not applicable	33,500
Jean Peyrelevade	Not applicable	Not applicable	23,500
Thierry de Rudder	Not applicable	Not applicable	23,500[b]
Lord Simon of Highbury	Not applicable	Not applicable	31,000[b]
TOTAL	**NOT APPLICABLE**	**NOT APPLICABLE**	**333,000**
GDF SUEZ			
Albert Frère	50,426[b]	27,784[b]	Not applicable
Edmond Alphandéry	77,997	37,855	Not applicable
Jean-Louis Beffa	79,997	39,784	Not applicable
Aldo Cardoso	77,997	42,855	Not applicable
René Carron	55,855	28,713	Not applicable
Étienne Davignon	74,997[b][d]	36,784[b][c]	Not applicable
Paul Desmarais Jr.	69,426[b]	32,213[b]	Not applicable
Jacques Lagarde	83,997[b]	52,855[b]	Not applicable
Anne Lauvergeon	73,426	39,784	Not applicable
Thierry de Rudder	86,997[b][d]	47,284[b][c]	Not applicable
Lord Simon of Highbury	67,997[b]	37,855[b]	Not applicable
Richard Goblet d'Alviella (Non-voting Director)	35,426[b][d]	20,284[b][c]	Not applicable
Philippe Lemoine (Non-voting Director)	37,997	20,284	Not applicable
TOTAL	**872,535**	**464,334**	**NOT APPLICABLE**

(a) Directors' fees due for 2008 (for the period from July 22 to December 31, 2008) were paid in 2009.
Directors' fees due for 2009 (for the period from July 1 to December 31, 2009) were paid in 2009.
(b) Before deduction of the 25% withholding tax levied on directors' fees paid to Directors who are not French residents.
(c) In fiscal year 2008, Étienne Davignon, Richard Goblet d'Alviella and Thierry de Rudder received gross fees of €144,461.48, €96,307.65 and €96,307.65, respectively, for their participation in the Board of Directors and the Audit Committee of SUEZ-Tractebel.
(d) In fiscal year 2009, Étienne Davignon, Richard Goblet d'Alviella and Thierry de Rudder received gross fees of €133,587.15, €89,058.10 and €89,058.10, respectively, for their participation in the Board of Directors and the Audit Committee of SUEZ-Tractebel.

7.4.4.2 Directors representing the French government

Directors representing the French State personally received no compensation (Directors' fees or other) from the Company or from companies controlled by the Company in consideration for their service as Directors, it being noted that the Directors' fees (€353,702) corresponding to their service on the Board are paid directly to the Public Treasury in application of the regulations.

This applies to Jean-Paul Bailly, Olivier Bourges, Pierre-Franck Chevet, Ramon Fernandez, Pierre Graff, and Pierre Mongin, along with Xavier Musca, Jean-Cyril Spinetta and Édouard Vieillefond, who were replaced in their current terms of office, respectively, by Ramon Fernandez, Pierre Mongin and Olivier Bourges.

7.4.4.3 Directors representing employees and employees shareholders

Directors representing the employees and employee shareholders on the Board of Directors of GDF SUEZ received no compensation (Directors' fees or other) from the Company or from companies controlled by the Company in consideration for their service as Directors.

This applies to Alain Beullier, Anne-Marie Mourer, Patrick Petitjean and Gabrielle Prunet.

7.4.5 INFORMATION ON STOCK OPTIONS AND THE AWARD OF BONUS SHARES OR PERFORMANCE SHARES

7.4.5.1 Availability of shares resulting from the exercise of stock options and of performance shares

The French Act No. 2006-1770 of December 30, 2006 for the development of profit-sharing and employee shareholding and covering various economic and social provisions (known as the "Balladur Act") imposes restrictions on the free availability of shares resulting from the exercise of options and of performance shares granted to corporate officers under share allocation plans implemented after January 1, 2007.

In accordance with these provisions, a system was established specifying the obligation to hold a certain percentage (set by the Board of Directors) of exercised options in the form of shares, so that after a certain point, the corporate executive officers and, more generally, the Executive Committee members will hold a portfolio of GDF SUEZ shares corresponding to a fraction of their compensation.

The SUEZ Board of Directors had applied this provision on a nominative basis. For each member of the Executive Committee, the Board of Directors set the number of shares to be held in the portfolio for a five-year period. Once this number of shares was reached, the requirement to hold, in shares, 25% of the gross capital gain resulting from the exercise of options and to hold 25% of Performance Shares terminated.

The GDF SUEZ Board of Directors reiterated this measure for all members of the GDF SUEZ Executive Committee at its meeting of November 12, 2008, and again at its meeting of January 20, 2010. It is noted that the Board set the share ownership requirement at 200% of fixed compensation for the two corporate executive officers, at 150% of fixed compensation for other members of the Management Committee, and at 100% of fixed compensation for other members of the Executive Committee. The deadline for reaching these thresholds is four years from January 2010 for executives of the former SUEZ SA, and five years for executives of the former Gaz de France.

7.4.5.2 Programmed management of stock options

At its meeting of November 12, 2008, the GDF SUEZ Board of Directors decided to continue the programmed management of stock options granted to the executives of the former SUEZ SA. The principle of such programmed management is that the interested parties give an irrevocable power of attorney to a financial institution to exercise the GDF SUEZ stock options, in their name and on their behalf, at the dates and under the conditions previously established by annual instruction, and to sell the corresponding shares on the market, with or without determining a reserve unit price. This annual instruction will include the number and quarterly allocation of transactions to be executed, plan by plan, over the next 12 months. Within each quarterly period the proxy acts freely at the dates and for the volumes that it judges appropriate within the framework and the limits of the annual instruction, to exercise options and sell shares. The annual instruction is sent to the proxy every year within fifteen days following the date of publication of the annual financial statements and on condition that no inside information is disclosed at this date. Once this instruction has been given, it is irrevocable, and the interested party undertakes to not exercise the options other than through the delegated power of attorney. The ban on exercising options and selling shares during the black-out periods preceding the publication of the annual and half-yearly financial statements and quarterly information is maintained.

The Board of Directors of GDF SUEZ also decided that this system is obligatory for the Chairman and CEO, the Vice-Chairman and President and the Executive Vice Presidents (Gérard Mestrallet, Jean-François Cirelli, Yves Colliou, Jean-Marie Dauger, Dirk Beeuwsaert, Gerard Lamarche) and optional for the other members of the Executive Committee.

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7.4.5.3 Stock option plans and award of bonus shares or performance shares implemented during fiscal year 2009

The fourteenth and fifteenth resolutions of the GDF SUEZ Combined Shareholders' Meeting of May 4, 2009 authorized the Board of Directors, respectively, to grant stock options and award bonus shares to employees and/or corporate officers of the Company and/or companies belonging to the Group up to the limit of:

- 0.2% of the Company's share capital on the date of the decision to allocate shares for "global" bonus share plans, and
- 0.5% of the Company's capital on the date of the decision to allocate shares for discretionary Performance Share and/or stock option plans.

Under the powers so conferred, and on the proposal of the Compensation Committee, on July 8, 2009, the GDF SUEZ Board of Directors decided to implement a global plan to award bonus shares to approximately 200,000 employees. The details of this plan are provided in Section 4.4.2 of this Reference Document. Likewise, it decided to implement a stock option and Performance Share plan on November 10, 2009, which is detailed in the sections below. It is noted that, as in 2008, the GDF SUEZ Board of Directors made the discretionary allocations of stock options and performance shares at the same time of year as the previous Board of Directors of the former SUEZ SA – i.e., at the end of the fiscal year.

Stock Option Plan of November 10, 2009

Under the authority conferred upon it by the fourteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009, the Board of Directors, in its meeting of November 10, 2009, decided to implement a stock option plan. The Board of Directors set the exercise price for stock options at €29.44.

In total, stock options were granted to 4,036 individuals and involved a total number of 5,240,854 shares.

The principal objective of this GDF SUEZ stock option plan is to give senior managers, senior executives and high-potential managers a financial interest in the company's growth and shareholder value creation. The allocation of stock options is also a way to build loyalty and commitment to Group values as well as to contribute to the Group's strategy. For this second plan since the merger, the Executive Management sought to cover a broad range of recipients, as it did in 2008.

The Board of Directors established the conditions for allocating the options and the list of recipients, pursuant to the authorization of the Shareholders' Meeting.

The Board of Directors decided to reduce the proposed number of options and to replace them, in part, by an allocation of GDF SUEZ Performance Shares (see the section below). This allocation also covers individuals not covered under the stock option plan.

SUEZ Environnement Company beneficiaries received stock options and/or performance shares equal to 35% of a full allocation. SUEZ Environnement Company received authorization of its Extraordinary Shareholders' Meeting to award stock options and bonus shares for its own securities. The SUEZ Environnement Company allocation thus supplements the GDF SUEZ partial award.

Employees of the US subsidiaries will be offered a Stock Appreciation Rights (SAR) program, which involves cash payment of an amount equal to the gain on an exercise of options with immediate sale.

To ensure proper governance while accounting for their various specific characteristics, the staff and corporate officers of the companies in the GDF SUEZ Infrastructure business line are not entitled to the discretionary award of stock options and/or Performance Shares. A deferred bonus plan, modeled after the stock option and Performance Share plans and comparable in terms of cost to the Group, has been created, involving approximately 1,440 individuals.

In addition, the exercise of some of the options is subject to conditions for senior executives (conditional measures) as described below.

However, in the context of the stock option plan implemented by the Board of Directors on November 10, 2009, it is noted that all Executive Committee members, including Gérard Mestrallet and Jean-François Cirelli, announced at the Shareholders' Meeting of May 4, 2009 that they wished to forego any award of stock options that they might be granted in the 2009 fiscal year.

The exercise of half of the stock options granted to the senior management of the Group is subject to a performance condition. These options may be exercised if the price of GDF SUEZ shares during the period from November 9, 2013 to November 8, 2017 is greater than or equal to the exercise price of the option adjusted for the change in the Eurostoxx Utilities index from November 9, 2009 to November 8, 2013.

Performance Share Plan of November 10, 2009

Under the authority conferred upon it by the fifteenth resolution of the Combined Shareholders' Meeting of May 4, 2009, the Board of Directors of GDF SUEZ, at its meeting of November 10, 2009, decided to implement a Performance Share allocation plan and defined its main features, which include two specific objectives:

- for current stock option holders, to supplement the plan by replacing some stock options by Performance Shares;
- to grant Performance Shares to those employees not covered by the stock option plans. This plan should make it possible to recognize other employees, without duplication, and encourage their commitment to the business and the GDF SUEZ Group.

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Schedule and conditions

The schedule and conditions established by the Board of Directors are as follows:

	France and Belgium Plan	Italy and Spain Plan	Other countries
Vesting period	November 10, 2009 - March 14, 2012	November 10, 2009 - March 14, 2012	November 10, 2009 - March 14, 2014
Presence on payroll at(1)	March 14, 2012	March 14, 2012	March 14, 2014
Final vesting date	March 15, 2012	March 15, 2012	March 15, 2014
Lock-up period(2)	March 15, 2012 - March 14, 2014	March 15, 2012 - March 14, 2015	No lock-up period
Transferable from	March 15, 2014	March 15, 2015	March 15, 2014
Performance condition	EBITDA growth in 2011 compared to 2009		

(1) Current employment contract with a Group company at that date (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares, except in cases of death or disability.

Conversion rate of stock options or SARs for Performance Shares

At its meeting on November 10, 2009, the Board of Directors deemed the conversion rate of one Performance Share for five stock options or Stock Appreciation Rights to be reasonable and acceptable for the recipients.

Target population and number of shares awarded

Partial substitution of stock options or SARs

All recipients of stock options or SARs under the plan of November 10, 2009 are affected by this substitution. The degree of substitution varies according to the level of responsibility of the recipients (reflected in the number of options or SARs).

The breakdown is as follows:

- up to 5,000 stock options or SARs:
  60% are replaced by Performance Shares
- from 5,001 to 8,000 stock options or SARs:
  50% are replaced by Performance Shares
- from 8,001 to 20,000 stock options or SARs:
  40% are replaced by Performance Shares
- beyond 20,000 stock options or SARs:
  30% are replaced by Performance Shares.

Other beneficiaries

At its meeting of November 10, 2009, the Board of Directors decided to award Performance Shares to persons other than recipients of stock options. Under this plan, 405,704 Performance Shares were granted to 4,349 employees.

Generally speaking, the number of Performance Shares awarded per person ranged from 60 to 150.

In total, the policy for distributing Performance Shares concerned 8,548 individuals and involved 1,693,900 shares.

Corporate Executive Officers

It is noted that, with respect to the implementation of this Performance Share plan, Gérard Mestrallet and Jean-François Cirelli expressed their wish to forego any award of such shares that might be made to them in the 2009 fiscal year, consistent with their waiver of stock options as noted in the previous section.

It should also be noted that at its meeting of November 10, 2009, the Board of Directors postponed the decision to grant Performance Shares to other members of the Executive Committee until its meeting of January 20, 2010.

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Executive Committee

After postponing its decision to grant Performance Shares to Executive Committee members on November 10, 2009, as noted above, the Board of Directors, at its meeting of January 20, 2010, decided, under the authority conferred upon it by the fifteenth resolution of the Combined Shareholders' Meeting of May 4, 2009, to establish a supplementary plan, with the following key features:

Vesting period	January 20, 2010 - March 14, 2012
Presence on payroll at[1]	March 14, 2012
Final vesting date	March 15, 2012
Lock-up period[2]	March 15, 2012 - March 14, 2014
Transferable from	March 15, 2014
Performance conditions	EBITDA growth in 2011 compared to 2009 and changes in the share price during the vesting period compared to the change in the Eurostoxx Utilities index.

(1) Current employment contract with a Group company at that date (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares, except in cases of death or disability.

This plan covers 348,660 Performance Shares awarded to 16 recipients, noting that it excludes both Gérard Mestrallet and Jean-François Cirelli, who waived any award of Performance Shares in 2009, as mentioned above.

7.4.6 STOCK OPTIONS GRANTED TO AND EXERCISED BY CORPORATE EXECUTIVE OFFICERS – RECAP OF CURRENT PLANS

7.4.6.1 GDF SUEZ stock options granted to Executive Corporate Officers by GDF SUEZ and all other GDF SUEZ group companies in fiscal year 2009

None.

7.4.6.2 GDF SUEZ stock options exercised by the Corporate Executive Officers of GDF SUEZ in fiscal year 2009

	Plan	Number of options exercised in the fiscal year	Exercise price *(in euros)*
Gérard Mestrallet *Chairman and Chief Executive Officer*	November 17, 2004	100,000*	16.4
TOTAL		100,000*	
Jean-François Cirelli *Vice-Chairman and President*	None	None	None
TOTAL		None	

* *Stock subscription options*

7.4.6.3 Recap of current GDF SUEZ stock purchase option plans

	Plan of November 12, 2008	Plan of November 10, 2009
Date of authorization by the Shareholders' Meeting	July 16, 2008	May 4, 2009
Start date for the exercise of options(1)	November 12, 2012	November 10, 2013
Expiration date	November 11, 2016	November 9, 2017
Total number of shares that could be purchased	7,645,990(2)	5,240,854(7)
Total number of shares that could be purchased by corporate officers:		
• Gérard Mestrallet	0(3)	0
• Jean-François Cirelli	0(3)	0
Terms of exercise	(4)	(8)
Purchase price (in euros)	32.74	29.44
Number of options exercised	0(5)	0(9)
Number of options canceled	1,207,050(6)	0(10)
Balance	6,438,940	5,240,854

(1) Stock options may also be exercised early in the event of retirement or death.
(2) Balance at December 31, 2008.
(3) Gérard Mestrallet and Jean-François Cirelli waived the stock options granted to them by the GDF SUEZ Board of Directors on November 12, 2008.
(4) For the other members of the Executive Committee, 45% of stock options are subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% of the options are subject to "simple" conditions.
These conditions will be tested in November 2012.
(5) Exercised from January 1 to December 31, 2009.
(6) Canceled from January 1 to December 31, 2009.
(7) Initial allocation on November 10, 2009.
(8) For other Group senior managers, 50% of the options are subject to "simple" conditions. These conditions will be tested in November 2013.
(9) Exercised from November 10 to December 31, 2009.
(10) Canceled from November 10 to December 31, 2009.

7.4.6.4 Recap of current GDF SUEZ stock subscription option plans

The stock option plans and bonus share plans previously granted by the former SUEZ SA and still valid were adopted by GDF SUEZ in accordance with the commitments made at the Gaz de France Combined Shareholders' Meeting of July 16, 2008, which, in its fourth resolution, approved the merger with SUEZ.

	November 28, 2000 plan	November 21, 2000 plan	November 28, 2001 plan	November 20, 2002 plan	November 19, 2003 plan	November 17, 2004 plan	December 9, 2005 plan	January 17, 2007 plan	November 14, 2007plan
Date of authorization by the Shareholders' Meeting	5/5/2000	5/5/2000	5/4/2001	5/4/2001	5/4/2001	4/27/2004	4/27/2004	4/27/2004	5/4/2007
Total number of shares that could be purchased as of Dec. 31, 2008 *(adjusted for the merger)*	3,075,557	1,061,420	5,768,817	2,087,474	2,304,696	7,409,339	6,667,087	5,904,060	4,616,838
Total number of shares that could be subscribed for by Corporate Officers as of Dec. 31. 2008[(1)]	124,917	0	562,141	0	120,000	314,841	408,899	403,504	0
Start date for the exercise of options[(2)]	11/28/2004	12/21/2004	11/28/2005	11/20/2006	11/19/2007	11/17/2008	12/9/2009	1/17/ 2011	11/14/2011
Expiration date	11/28/2010	20/12/2010	11/28/2011	11/19/2012	11/18/2011	11/16/2012	12/8/2013	1/16/ 2015	11/13/2015
Terms of exercise	No special terms for these plans				(3)	(4)	(5)	(6)	(7)
Subscription price in euros (adjusted for the merger)[(8)]	32.38	33.66	30.70	15.71	12.39	16.84	22.79	36.62	41.78
Exercised from Jan. 1, 2009 to Dec. 31, 2009	0	0	0	171,375	337,080	1,212,909	213,065	0	0
Canceled from Jan. 1, 2009 to Dec. 31, 2009	50,326	0	67,355	2,252	3,378	17,762	63,034	72,447	64,827
Balance on Dec. 31, 2009	3,025,231	1,061,420	5,701,462	1,913,847	1,964,238	6,178,668	6,390,988	5,831,613	4,552,011

(1) Gérard Mestrallet

(2) Stock options may also be exercised early in the event of retirement or death.

(3) For the members of the Executive Committee at the time, all stock options were subject to a performance condition which was met in November 2007.

(4) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions were met in November 2008.

(5) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions were met in December 2009.

(6) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions will be tested in January 2011.

(7) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions will be tested in November 2011.

(8) The stock options were adjusted for the merger in accordance with the statutory provisions and terms approved by shareholders at the Shareholders' Meetings on the merger of July 16, 2008 (refer to the merger prospectus).

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7.4.6.5 Recap of stock options held by Gérard Mestrallet at December 31, 2009

Plan	SUEZ 11/28/2000	SUEZ 11/28/2001	SUEZ 11/19/2003	SUEZ 11/17/2004	SUEZ 09/12/2005	SUEZ 1/17/2007
Exercise date	11/28/2004	11/28/2005	11/19/2007	11/17/2008	12/9/ 2009	1/17/2011
End date	11/28/2010	11/28/2011	11/18/2011	11/16/2012	12/8/2013	1/16/2015
Exercise price in euros(1)	32.38	30.70	12.39	16.84	22.79	36.62
Balance of options at 12/31/2009:						
• Present on payroll only	124,917	562,141		88,564	185,863	180,515
• Performance condition			120,000(2)	188,564 (3)	185,863(5)	185,824(7)
• “Stricter” performance condition				37,713(4)	37,173(6)	37,165(8)

(1) Price adjusted for the merger.
(2) Options were subject to a performance condition which was met in November 2007.
(3) Options were subject to a performance condition which was met in November 2008.
(4) Options were subject to a “stricter” performance condition which was met in November 2008.
(5) Options were subject to a performance condition which was met in December 2009.
(6) Options were subject to a “stricter” performance condition which was met in December 2009.
(7) Options are subject to a performance condition which will be tested in January 2011.
(8) Options are subject to a “stricter” performance condition which will be tested in January 2011.

7.4.6.6 Recap of stock options held by Jean-François Cirelli at December 31, 2009

None.

7.4.7 PERFORMANCE SHARES AWARDED AND AVAILABLE TO EACH CORPORATE OFFICER - RECAP OF CURRENT PLANS

7.4.7.1 GDF SUEZ Performance Shares allocated to each GDF SUEZ Corporate Officer by GDF SUEZ and all other companies of the GDF SUEZ group in 2009

None.

7.4.7.2 GDF SUEZ Performance Shares that became available for each Corporate Officer of GDF SUEZ in 2009

None.

7.4.7.3 Recap of current GDF SUEZ Performance Share plans

The Performance Share plans previously granted by the former SUEZ SA and still valid were adopted by GDF SUEZ in accordance with the commitments made at the Gaz de France Ordinary and Extraordinary Shareholders’ Meeting of July 16, 2008, which in its fourth resolution, approved the merger with SUEZ.

	2006 Plan	2007 Plan	Plan June 1, 2008 plan	2008 Plan	2009 Plan
Date of authorization by the Shareholders' Meeting	5/13/2005	5/4/2007	5/4/2007	7/16/2008	5/4/2009
Date of Board decision	1/17/ 2007	11/ 14/2007	5/6/2008	11/12/2008	11/10/ 2009
Share price in euros[(1)]	36.00	42.40	39.03	28.46	25.47
Start of vesting period[(2)]	2/12/ 2007	11/14/2007	6/1/2008	11/ 12/2008	11/10/ 2009
End of vesting period	3/14/2009	3/14/2010[(4)]	5/31/2012	3/14/ 2011[(9)]	3/14/ 2012[(12)]
Start of lock-up period	3/15/2009	3/15/2010[(5)]	None	3/15/2011[(5)]	3/15/2012[(5)]
End of lock-up period	3/14/ 2011	3/14/ 2012[(6)]	None	3/14/ 2013[(10)]	3/14, 2014[(13)]
Related conditions	[(3)]	[(7)]	[(8)]	[(11)]	[(14)]
Shares vested as of 12/31/2008	987,872	1,242,936	26,274	1,812,548	none
Shares vested from 1/1/ 2009 to 12/31/2009	966,324	719[(2)]	0	486[(2)]	0
Shares canceled from 1/1/ 2009 to 12/31/ 2009	21,548	20,082	2,996	25,737	0
Balance at 12/31/2009	0	1,222,135	23,278	1,786,325	1,693,900

(1) Based on the method used for the consolidated financial statements.
(2) Early vesting possible in case of death or permanent disability.
(3) Condition on 2008 ROCE met.
(4) For France, Belgium, Italy and Spain; for other countries, March 14, 2012.
(5) For France, Belgium, Italy and Spain; for other countries, no lock-up period.
(6) For France and Belgium; for Italy and Spain, March 14, 2013; for other countries, no lock-up period.
(7) Conditioned on 2009 EBITDA.
(8) Conditions: 50% based on 2009 Group EBITDA; 50% based on SITA UK EBITDA and Capex for the 2008-2011 fiscal years.
(9) For France, Belgium, Italy and Spain, for other countries, March 14, 2013.
(10) For France and Belgium; for Italy and Spain, March 14, 2013; for other countries, no lock-up period.
(11) Conditioned on 2010 EBITDA.
(12) For France, Belgium, Italy and Spain, for other countries, March 14, 2014.
(13) For France and Belgium; for Italy and Spain, March 14, 2013; for other countries, no lock-up period.
(14) Conditioned on 2011 EBITDA.

7.4.7.4 Recap of Performance Shares held by Gérard Mestrallet on December 31, 2009

Plan	SUEZ 2/13/2006	SUEZ 2/12/2007	GDF SUEZ 11/12/2008
Conditions	2007 ROCE	2008 ROCE	2010 EBITDA
Vesting date[(1)]	3/15/2008	3/15/2009[(3)]	3/15/2011[(3)]
Shares being vested	0	3,186	9,000
Shares vested	2,000[(2)]	0	0
Transferable from	3/15/2010	3/15/2011	3/15/2013

(1) Subject to dual conditions of performance and presence on payroll.
(2) Following the distribution of 65% of SUEZ Environnement Company and the merger with Gaz de France, these 2,000 SUEZ securities were converted to:
- *1,890 GDF SUEZ shares;*
- *500 SUEZ Environnement Company shares; and*
- *20 SUEZ shares ("fractional") entitling the allocation of GDF SUEZ shares.*

(3) Vested shares are subject to a lock-up period under the so-called "Balladur" measure (see Section 7.4.5.1 of this Reference Document).

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7.4.7.5 Recap of Performance Shares held by Jean-François Cirelli at December 31, 2009

Plan	Gaz de France 6/20/2007*	Gaz de France 5/28/2008*	GDF SUEZ 11/12/2008
Conditions	(1)	Fiscal 2008 and 2009 EBITDA	2010 EBITDA
Vesting date	6/23/2009(2)	6/1/2010(3)	3/15/2011(4)
Shares being vested	0	30	6,000(5)
Shares vested	30	0	0
Transferable from	7/1/2011(2)	6/1/2012(2)	3/15/2013

* *Global bonus share plans for all employees and corporate officers of Gaz de France.*
(1) EBITDA conditions for fiscal 2007 and 2008 met.
(2) These shares may not be sold during the term of office.
(3) Subject to a condition of presence on payroll and, for 50% of shares, a performance condition.
(4) Subject to dual conditions of performance and presence on payroll.
(5) Vested shares are subject to a lock-up period under the so-called “Balladur” measure (see Section 7.4.5.1 of this Reference Document).

7.4.8 STOCK OPTIONS GRANTED TO THE TEN NON-CORPORATE OFFICER EMPLOYEES WHO RECEIVED AND EXERCISED THE MOST OPTIONS

7.4.8.1 Stock options granted by SUEZ and by all companies included in the SUEZ Stock Option Plan in fiscal year 2009 to the ten employees of the issuer and such companies, who are not corporate officers and to whom the greatest number of stock options was allocated

Total number of options granted	Exercise price	Plan	Expiration date
222,500	29.44	GDF SUEZ of 11/10/2009*	11/9/2017
378,286	15.49	SUEZ Environnement Company of 12/17/2009*	12/16/2017

* *Stock purchase options.*

7.4.8.2 GDF SUEZ stock options exercised in fiscal year 2009 by the ten employees who are not corporate officers of GDF SUEZ with the largest number of stock options

Total number of options exercised	Average weighted price *(in euros)*	Plans
46,306	15.71	11/20/2002*
88,739	12.39	11/19/2003*
223,729	16.84	11/17/2004*

* *Stock subscription options*

7.4.9 PERFORMANCE SHARES GRANTED TO THE TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS WITH THE MOST PERFORMANCE SHARES ALLOCATED

● PERFORMANCE SHARES GRANTED BY SUEZ AND BY ALL COMPANIES INCLUDED WITHIN THE SUEZ BONUS SHARE PLAN IN FISCAL YEAR 2009 TO THE TEN EMPLOYEES OF THE ISSUER AND SUCH COMPANIES, WHO ARE NOT CORPORATE OFFICERS AND TO WHOM THE GREATEST NUMBER OF STOCK OPTIONS WAS ALLOCATED

Total number of Performance Shares granted	Share price *(in euros)*(1)	Issuers	Plans
28,800	25.47	GDF SUEZ	11/10/2009
1,940	13.79	SUEZ Environnement Company	12/17/2009

(1) According to the method used for the consolidated financial statements.

7.4.10 SUMMARY OF TRANSACTIONS DISCLOSED BY EXECUTIVE MANAGEMENT AND CORPORATE OFFICERS IN FISCAL YEAR 2009

● GDF SUEZ SHARES

	Date of transaction	Type of transaction	Quantity	Price *(in euros)*
Gérard Mestrallet	11/12/2009	Purchase	290	29.53
Gérard Mestrallet	11/17/2009	Purchase	1,064	29.59
Individual related to Gérard Mestrallet	11/17/ 2009	Purchase	279	29.50
Legal entity related to Albert Frère	12/22/ 2009	Intra-group sale	117,093,738	29.35
Gérard Lamarche	6/1/2009	Subscription	144	21.05

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GDF SUEZ STOCK SUBSCRIPTION OPTIONS

	Date of transaction	Type of transaction	Relevant Plan	Number of stock options exercised	Exercise price *(in euros)*	Net sale price *(in euros)*
Gérard Mestrallet	10/1/2009	Exercise/Sale*	11/17/2004	100,000	16.84	30.25
	1/4/2010	Exercise/Sale*	11/19/2003	50,000	12.39	29.02
Gérard Lamarche	6/1/2009	Exercise/Sale*	11/17/2004	165,938	16.84	28.50

* *Options exercised via an independent professional intermediary following the implementation of a GDF SUEZ stock option programmed exercise system (see Section 7.4.5.2 "Programmed Management of Stock Options" above).*

GDF SUEZ STOCK PURCHASE OPTIONS (CALLS)

	Date of transaction	Type of transaction	Quantity	Price *(in euros)*
Legal entity related to Albert Frère	3/31/2009	Sale of calls	121,871,088	0.09

7.5 REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Pursuant to Article L. 225-37-6 et seq. of the French Commercial Code, the Chairman of the Board of Directors hereby reports on:

- the terms of governance of GDF SUEZ (hereinafter "the Company"): code of governance, composition, organization and operating procedures of the Board of Directors, limitations on the powers of the corporate executive officers, principles and rules for determining the compensation and benefits of any kind awarded to corporate officers;
- statutory provisions regarding the participation of shareholders at shareholders' meetings, and
- the internal control and risk management procedures implemented by the Company,

and covers all subsidiaries of the Company which are majority-controlled and fall within the scope of consolidation of GDF SUEZ (the "Group").

This report was drawn up, upon conclusion of the preparatory work and required procedures, with the support of the General Secretary and the Audit and Risk Management Department and the cooperation of the Finance Department, the Communications and Financial Reporting Department and the Executive Vice-Presidents.

After being reviewed by the Steering Committee for the 2009 GDF SUEZ Reference Document, and submitted to the Group's Executive Committee for validation, this report was presented to the Audit Committee for information. It was then approved by the Board of Directors at its meeting of March 3, 2010.

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7.5.1 CORPORATE GOVERNANCE

7.5.1.1 Code of Governance

GDF SUEZ is a "*société anonyme*" (limited company) with a Board of Directors, subject to the laws and regulations applicable to public limited companies as well as to specific laws governing it, including in particular the French Privatization Act No. 86-912 of August 6, 1986, and the company's bylaws.

GDF SUEZ maintains its commitment to implementing corporate governance guidelines and for this purpose refers to the AFEP-MEDEF code of corporate governance for listed companies (the "AFEP-MEDEF Code").

The AFEP-MEDEF Code of Corporate Governance is available on the website www.medef.fr.

7.5.1.2 Composition and operations of the Board of Directors

In accordance with the provisions of Articles L. 225-17, L. 225-23 and L. 225-27 of the French Commercial Code concerning the composition of a Board of Directors following a merger, Article 13 of the bylaws provides that the Company shall be administered by a Board of Directors composed of a maximum of 24 members until the conclusion of the Shareholders' Meeting to be held in 2010 to approve the 2009 financial statements. After this Meeting, the Board will be composed of a maximum of 22 members.

The status of GDF SUEZ as a privatized company and the French government's 35.88% stake means that the Board shall include six Directors representing the French State (pursuant to Article 2 of the Decree-Law of October 30, 1935), three Directors representing employees and one Director representing employee shareholders (under article 8-1 of the French Privatization Act No. 86-912 of August 6, 1986).

The operations of the Board of Directors are defined by Article 14 of the bylaws. The means of organizing its work are set out in Article 1 of the Board of Directors' Internal Regulations, which specifies the ways and means by which the Board can operate efficiently on behalf of the Company and its shareholders, as well as the responsibilities incumbent on each Director.

The Internal Regulations were last amended on December 9, 2009 to reflect the provisions of Ordinance No. 2008-1278 of December 8, 2008 transposing EU Directive 2006/43/EC of May 17, 2006 on the statutory audit of financial statements.

In addition, the Directors' Charter and the Code of Conduct, appended to the Internal Regulations, set forth the duties and obligations incumbent upon each Director.

The Directors' Charter sets out the rules relating to Directors' terms of office, compliance with the company's interests, the laws and bylaws, Directors' independence, duty of expression, professionalism, involvement and efficiency and the policy on conflicts of interest. The Code of Conduct sets out the rules governing trading in the Company's securities and the offense of insider trading applicable to Directors, Corporate Officers and all employees. It expresses the Company's desire to ensure prudent management of its securities, to comply and ensure others' compliance with current regulations governing securities transactions conducted by Directors, Corporate Officers and employees, by reminding them of the prohibition on certain transactions involving the Company's securities, and the obligation to disclose transactions concluded by Directors and Corporate Officers and related parties, as well as criminal and regulatory rules on insider trading.

In addition to the foregoing, the Regulations for Employee Directors, approved by the Board of Directors at its meeting of December 9, 2009, lays down conditions under which Directors employed by the Group are to exercise their duties.

The main provisions of the Company's bylaws and Internal Regulations are recalled in the Reference Document under Section 10.1. These documents are available at the Company's head office and on its website: www.gdfsuez.com.

Under the Internal Regulations, a process for evaluating the Board of Directors was initiated under the guidance of the Chairman of the Ethics, Environment and Sustainable Development Committee, in collaboration with an outside expert, to assess the Board's performance after one full year of post-merger operations. Measures to improve operations were adopted at the Board of Directors' meeting of March 3, 2010. These include introducing a wider selection of topics to facilitate the in-session discussion of strategic issues and major investment projects, limiting lecture-type presentations and producing briefing notes to encourage open discussion, and holding seminars to study certain issues.

In compliance with the AFEP-MEDEF Code, the Internal Regulations provide that the Board shall review the independence of the Directors each year before the Annual Shareholders' Meeting to approve the financial statements for the past fiscal year. On the proposal of the Nominations Committee, the Board of Directors, at its meeting of March 3, 2010, conducted a case-by-case review of the qualification of each member based on its criteria of independence, which are consistent with market practices, and in consideration of special circumstances and the situation of the concerned party, the Company and the Group. Based on the findings of the Nominations Committee's report, and taking into account the AFEP-MEDEF recommendations as well as interpretations made by various international governance organizations, the Board concluded that 11 of the 23 Directors serving on the Board qualify as independent under the Board's criteria and 12 do not. It noted that the six directors representing the French government and the four directors representing employee shareholders and employees may not be considered independent and, moreover, that a non-independent director's seat is held by Jean-François Cirelli, the former Chairman and CEO of Gaz de France, under the terms of the Gaz de France-SUEZ merger agreement, published in the merger prospectus approved by the Autorité des Marchés Financiers (AMF, the French financial markets authority) on June 13, 2008 under No. 08-126.

The criteria for assessing the independence of directors is provided in Section 7.1.1.8 of the 2009 Reference Document.

The resulting percentage of independent directors is 47.8%, it being noted that the percentage of 50% recommended by the AFEP-MEDEF Code for widely-held corporations without controlling shareholders cannot be reached for the legal reasons mentioned above.

Given the current composition of the Board of Directors, the number of members may not be increased in order to increase the number of independent directors because the statutory limit of 22 members has already been reached.

7.5.1.3 Powers of the Board of Directors

The powers of the Board of Directors derive from statutory and regulatory provisions, the Company's bylaws and its own Internal Regulations.

Under applicable laws and regulations, the Board of Directors deliberates on the main strategic, economic, financial or technological direction of the Company's and the Group's activities, in particular the review of the budget, the Group's industrial strategy, financial strategy and energy supply policy. The Board sets the total amount of securities, endorsements and guarantees which the Chairman and Chief Executive Officer is authorized to use each year. In addition, the Board reviews the budget, the Group's industrial strategy, financial strategy and energy supply policy at least once a year.

Articles 15.1 of the Company's bylaws and 1.2 of the Internal Regulations of the Board of Directors define the powers of the Board of Directors as follows:

"The powers of the Board of Directors are those conferred upon it by statute".

"The Board of Directors determines the Company's business strategy and oversees the implementation thereof. Subject to the powers expressly granted to the Shareholders' Meetings and within the limit of the Company's corporate purpose, the Board deals with all matters concerning the smooth running of the Company and through its decisions manages the Company's business.

The Board of Directors carries out the controls and verifications it considers appropriate".

Under Article 2.1 of the Internal Regulations, certain Executive Management decisions must first be submitted to the Board of Directors for approval, as described in the Section "Executive Management" below.

7.5.1.4 Organization of the Board of Directors

The Board of Directors meets as often as required by the Company's interests and at least six times a year, including at least once each quarter. The Board of Directors of GDF SUEZ met nine times during the 2009 fiscal year, with an average attendance rate of 85%. Of the ten meetings scheduled for 2010, two had already been held as of the date of this Report.

To assist in its deliberations, pursuant to Article 15.2 of the bylaws and Article 3 of the Internal Regulations, the Board has established five internal standing committees to study certain subjects and projects, which are submitted for their review by the Board of Directors or the Board Chairman. The Board relies on the findings of the reports, proposals, opinions, information or recommendations of its committees in its deliberations and decision making. The committees perform their duties under the Board's responsibility. No committee may, of its own initiative, address any issue that falls outside the scope of its purpose. Committees do not have decision-making powers.

These committees are: the Audit Committee, the Strategy and Investments Committee, the Nominations Committee, the Compensation Committee, and the Ethics, Environment and Sustainable Development Committee.

The Audit Committee held ten meetings in 2009 with an average attendance rate of 92%. The Statutory Auditors attended nine meetings. Of the eleven meetings scheduled for 2010, three had already been held as of the date of this Report.

The Strategy and Investments Committee met seven times in 2009, with an average attendance rate of 74%. It has scheduled eight meetings for 2010.

The Nominations Committee met three times in 2009 with an average attendance rate of 66%. One meeting had already been held in 2010 as of the date of this Report.

The Compensation Committee met on five occasions in 2009 with an average attendance rate of 72%. Two meetings had already been held in 2010 as of the date of this Report.

The Ethics, Environment and Sustainable Development Committee met six times in 2009, with an average attendance rate of 95%. Of the five meetings scheduled for 2009, two had already been held as of the date of this Report.

Detailed information on the composition, organization and operations of the corporate governance bodies, the offices and directorships held by the corporate officers, and the work performed by the Board and its Committees is provided in Section 7.1 of the 2009 Reference Document. Information relating to the powers and independence of members of the Board Committees can be found in Sections 7.1.1.6 and 7.1.1.8 of the 2009 Reference Document. This information is consistent with the recommendations of the AMF

7.5.1.5 Executive Management

Given its commitment to the continued exercise of executive management through the combined functions of Chairman and Chief Executive Officer, the Board of Directors, at its meeting of July 22, 2008 following the Gaz de France – SUEZ merger, decided that the executive function of GDF SUEZ would be handled by the Chairman of the Board and the Vice-President and President. Since that date, the Company's executive management has been the responsibility of Gérard Mestrallet, Chairman and Chief Executive Officer, and Jean-François Cirelli, Vice-Chairman and President.

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In a changing and highly competitive environment, combining the functions of Chairman and CEO, supported by the presence of a Vice-President and President, provides for the greatest coherence between strategy and operations and the greatest efficiency in the decision-making processes, while ensuring compliance with the best governance principles in light of the features below.

At its meeting of December 17, 2008, upon proposal of the Chairman, the Board of Directors decided to appoint a non-executive Vice-Chairman responsible for chairing the Board of Directors in the Chairman's absence. The office of non-executive Vice-Chairman is currently held by Albert Frère.

The Vice-Chairman and President has the same powers of representation with regard to third parties as the Chairman and Chief Executive Officer. According to internal rules, the respective powers of the Chairman and Chief Executive Officer and the Vice-Chairman and President are determined by the Board of Directors and the Internal Regulations of the Board which sets their limits.

Article 2.1 of the Board of Directors' Internal Regulations defines the powers of the Chairman and Chief Executive Officer and the Vice-Chairman and President.

The Chairman and Chief Executive Officer and the Vice-Chairman and President must obtain the prior authorization of the Board to enter into significant agreements with the French government relating to the objectives and terms and conditions of implementation of public service assignments entrusted to the Company or its subsidiaries, within the limits set by law.

1) In addition, the Chairman and Chief Executive Officer and the Vice-Chairman and President must obtain prior authorization from the Board to complete the following transactions:

- to acquire or sell any direct or indirect interests of the Company in any companies in existence or to be created, to participate in the creation of any companies, joint ventures, consortia and organizations, to subscribe to any issue of shares, share equivalents or bonds, where the Company's or the Group's financial exposure exceeds €350 million for the transaction concerned;
- to approve any transactions involving a contribution or an exchange of goods, shares or securities, with or without a balancing cash payment, for an amount exceeding €350 million;
- in the event of disputes, to enter into any agreement or settlement or accept any arbitration decision for an amount exceeding €200 million;
- to enter into any long-term power purchase agreements on behalf of the Group for quantities exceeding the following per transaction:
  - 30 billion kWh of gas per year, including the terms of transmission,
  - 20 billion kWh of electricity per year, including the terms of transmission.

2) The Chairman and Chief Executive Officer and the Vice-Chairman and President must obtain prior authorization from the Board to carry out any transaction involving the acquisition or sale of real property for an amount exceeding €200 million.

3) In addition, the Chairman and Chief Executive Officer and the Vice-Chairman and President must obtain prior authorization from the Board for any of the following transactions whenever their sums exceed €1.5 billion:

- granting or contracting any loans, borrowings, credit or cash advances by the Company, or granting authorization to any Group subsidiary or financing vehicle for this purpose;
- acquiring or assigning any receivables, by any method.

7.5.1.6 Principles and rules for determining the compensation and benefits of Corporate Officers

Compensation and benefits of any kind awarded to corporate officers are determined by the Board of Directors on proposal of the Compensation Committee, taking into account comparisons with comparable companies in France and in Europe as well as the level of achievement of quantitative and qualitative targets set for each.

The principles and rules for determining such compensation and benefits are presented in the 2009 Reference Document, under Section 7.4 entitled "Compensation and Benefits Paid to Members of Corporate Governance Bodies".

7.5.1.7 Statutory provisions regarding the participation of Shareholders at Shareholders' Meetings

The Company bylaws provide that all shareholders are entitled to attend Shareholders' Meetings on condition that their shares are fully paid up. Each share entitles the holder to vote and be represented at Shareholders' Meetings, in accordance with the law and the bylaws. Ownership of one share entails automatic acceptance of these bylaws and of all decisions of the Shareholders' Meeting of the Company. Unless otherwise provided for by law, each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares which are fully paid up.

The terms for the participation of shareholders at Shareholders' Meetings are detailed in Section 10 of the Reference Document.

Provisions relating to shareholders' attendance at Shareholders' Meetings and shareholders' voting rights are set out in Section 10.1 of the 2009 Reference Document in the paragraph entitled "Rights, Privileges and Restrictions Attached to Shares" and in the bylaws (Articles 10, 11, 12 and 20).

The information required under Article L. 225-100-3 of the French Commercial Code is published in the 2009 Reference Document under Sections 7.1, 7.4, 8.5, 9.2, 9.3 and 10.1.

7.5.2. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

7.5.2.1 Group objectives and standards in the area of internal control

Objectives

The internal control objectives of GDF SUEZ are to implement a process designed to provide reasonable assurance of the control of operations with regard to:

- compliance with applicable laws and regulations;
- reliability of accounting and financial information;
- effectiveness and efficiency of operations.

However, as any control system, it can only provide reasonable assurance that all risks of error or fraud are completely controlled or eliminated.

GDF SUEZ's aim is to have effective internal control systems in place at each level of responsibility and based on:

- an environment conducive to the implementation of control systems;
- the commitment of all players, in particular operational employees who are closely involved in the processes and in charge of the continuous improvement of their systems;
- an approach which takes into account the cost of implementing a control with regard to the level of risk and adjusting it based on the desired level of assurance.

Standards applied

GDF SUEZ has chosen an organization and procedures for internal control based on the model promoted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This organization and these procedures also comply with the reference framework and take into account the application guide published in January 2007 by the AMF.

7.5.2.2 Coordination and monitoring of operations and internal control

Coordination and monitoring of operations

The coordination and monitoring of operations at GDF SUEZ is based on:

- The Board of Directors (see above) determines the Company's business strategy and oversees its implementation. The Board sets out the objectives of the Company's internal control system through its ongoing activities and work; periodic reviews of internal control are submitted to the Audit Committee;
- The Chairman and Chief Executive Officer directs GDF SUEZ and implements the strategic decisions taken by the Board of Directors. As such, he has overall responsibility for implementing internal control procedures throughout the Group's functional divisions and Business Lines; he is assisted by the Vice-Chairman and President;
- The Management Committee, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President, comprises of five members (the Chairman and Chief Executive Officer, the Vice-Chairman and President, and the three Executive Vice-Presidents); it is responsible for managing the Group;
- The Executive Committee includes 18 members representing the operational and functional activities; it reviews questions and decisions related to strategy, development, Group organization and its overall management; the Committee examines subjects and issues that are put before it;
- A limited number of Company-level committees have been created (Finance Committee, Commitments Committee, Energy Policy Committee, Energy Market Risks Committee, Economic Regulation and Transfers Committee, Research and Innovation Committee, Career Management Committee, Nuclear Security and Safely Monitoring Committee, Business Line Committees, and Group Sustainable Development Committee) to coordinate instructions and decision making across GDF SUEZ's organizational lines.
- Three management levels:
  - The Corporate level steers the Enterprise and is responsible for providing a strategic and financial performance framework; it is responsible for structuring GDF SUEZ through its functional policies and conducts their rightful implementation. Central Management's functional departments include: Finance; Strategy and Sustainable Development; Audit and Risk Management; the General Secretariat; Human Resources; Executive Management; Communications and Financial Reporting; International Relations; Research and Innovation; Integration, Synergies and Performance; Information Systems; Purchasing; Health, Safety and Management Systems; Nuclear Activities; Nuclear Safety and Radiation Protection;
  - the Business Lines (Energy France, Energy Europe & International, Infrastructures, Energy Services, Global Gas & LNG, and Environnement) represent a management level with a coordinating role and line authority over the *Business Units* within their respective areas of responsibility;
  - Business Units are the Group's smallest reporting entities, and constitute the management level at which the Business Lines' performance is monitored.

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This organization reflects a balance between organizational consistency and subsidiarity: subsidiarity in that the Business Units handle operational management and business development with customers; organizational consistency in that Corporate and the Business Lines, through their coordination and support activities, drive value creation via the sharing of expertise, optimizing resources, improving risk management and leveraging synergies.

Since the merger, GDF SUEZ has adopted an "Ethics and Compliance Program" designed to promote a Group culture that fosters ethical behaviour and to manage compliance with applicable laws and regulations in accordance with the principles presented in the subsection "Compliance with Laws and Regulations". On July 22, 2009, the Group's Executive Committee adopted an ethics policy, validating as its core reference documents the new Ethics Charter, the "Ethics in Practice" guidebook, and the Group Compliance Policy. The Ethics Charter, which was approved by the Board of Directors on November 10, 2009, highlights the ethical principles applicable to all entities of the Group and outlines a structure for ethics governance. The system for implementing this policy is based on a network of over 140 compliance officers, ethics training sessions, an extranet site dedicated to ethics, and the publication of professional charters and codes, including Guidelines for Handling Information, Code of Conduct, Business Relations Guidelines, Environmental Charter, Code of Conduct for Group Financial Personnel, Ethical Procurement, Protecting the Confidentiality of Inside Information, and Guide to Ethics in Supplier Relations. In terms of Compliance, GDF SUEZ has rolled out a process for real-time reporting of incidents in its main areas of risk. This process will improve the Group's understanding of incidents to allow it to develop preventive measures. It has been adopted by all of the Group's Business Lines, with the exception of SUEZ Environnement. It is currently being amended under the terms of a December 2009 decision by the French Cour de Cassation.

Coordination and monitoring of internal control

In September 2008, GDF SUEZ's Audit and Risk Management department launched an "Internal Control Management and Efficiency" (INCOME) program. This program, which was validated by the Executive Committee, was presented to the Audit Committee. In addition to deploying a common methodology, implementing, coordinating and monitoring internal control at GDF SUEZ, it is also intended to disseminate the internal control culture and use of best practices in this area throughout the entire Group.

GDF SUEZ's structure for coordinating and monitoring internal control is based on the following principles:

GDF SUEZ's general internal control guidelines

The Company's general internal control guidelines address:

- the implementation of an effective and rigorous coordination and monitoring program, for which management is responsible and differentiated based on the needs of each management level and that can be adapted to different organizations and risks;
- a formal commitment by management at different organizational levels to implement an internal control system for their area of responsibility and to identify actions to improve the system;
- the rollout of a internal control network to support management.

Implementation of GDF SUEZ's general internal control guidelines

GDF SUEZ's general internal control guidelines are implemented as follows:

- the Business Lines and Functional Departments define their own control procedures in accordance with Group standards and policies and in a manner adapted to their specific activities. These are consistent with the INCOME program, which allows them to supervise the internal control system's application to the activities within their specific area of responsibility and to confirm its effectiveness in meeting their needs. For example, the Health and Safety Management Systems department is in charge of proposing Group policies in relation to prevention, health and safety, control of industrial safety risks and safety risks in connection with energy uses and the protection of tangible and intangible assets and in relation to management systems (quality). It is also responsible for detailing these policies, ensuring that they are taken into account, and coordinating personnel in the areas of industrial safety, health and safety, the players of assets and management systems within the Group. It also provides internal control for the implementation of Group policies and standards in the relevant areas, through controls carried out within the entities, department reviews with the Business Lines and encouragement of self-assessment and reporting analysis;
- in accordance with the bylaws and the principles of corporate governance, the Audit and Risk Management department reports to the Chairman and Chief Executive Officer. It reports its findings to the GDF SUEZ Audit Committee and to the Chairman and Chief Executive officer on a regular basis. It is organized around the complementary functions of internal control, internal audit, and risk management and its responsibilities are presented below:
  - Internal control department monitors a network of some 200 internal control coordinators and managers, responsible for running the internal control program within the Business Lines and subsidiaries, in providing methodology and instructions and organizing information and training sessions. In cooperation with the functional departments and Business Lines, the internal control department monitors the program in order to enable the subsidiaries to manage their most significant risks. In this regards, it contributes to improving the internal control system on a continuous basis in analyzing the results of self assessments, internal and external audits in order to identify, coordinate and monitor action plans.
  - The Business Line internal control officers supervise Business Units and entities internal control coordinators within their area of responsibility, oversee implementation of the internal control program in their Business Line and prepare necessary information to support the internal control attestation letter signed by the head of the Business Line.
  - The internal control coordinators of the Business Units or legal entities provide support to the business process owners, in charge of implementing the controls within the Business Unit

or legal entity, oversee implementation of the internal control program in their Business Unit or legal entity and prepare necessary information to support the internal control attestation letter signed by the head of the Business Unit or legal entity.

- The internal control coordinators of functional departments implement the internal control program, rely on the internal control network to implement and monitor internal control decisions within the Group and prepare necessary information to support the internal control attestation letter signed by the head of the functional department.
- Internal Audit is an independent and objective function responsible for the smooth running of the Company in all areas and, in particular, the relevance and effectiveness of the internal control system. It exercises this responsibility directly and relies on the internal audit organizations of the Business Lines over which it exercises hierarchical authority. The Group's Internal Audit team ensures the implementation and compliance with professional standards, appropriate levels of resources and professional skills, and the quality assurance of the internal audit. Its responsibilities include the appropriate planning of audit engagements, their performance in line with the audit plan and the rigorous reporting of findings.

  The Business Line's Internal Audit team ensures the implementation, within its scope, of professional standards and the procedures and instructions defined by the Group's Internal Audit team.

  Meanwhile, Business Line audit teams and networks of expert auditors who have the necessary technical knowledge, offer their expertise to all entities and handle matters of common interest across GDF SUEZ's organizational lines (governance, health and safety, environmental management, information systems, commodities and financial risks, fraud and investigations).

  Internal auditors coordinate their work with the Statutory Auditors in order to ensure the consistency and effectiveness of their overlapping activities;
- Risk Management (see below under "Implementation of Internal Control").

7.5.2.3 Implementation of internal control

Risk assessment and management

Following the merger, the principles of an overarching shared risk management policy, together with its system (Enterprise Risk Management, ERM) was introduced. In 2009, in view of the latest regulatory developments on the subject, the Group adopted a policy of comprehensive risk management whose principles are consistent with professional standards (ISO 31000, Federation of European Risk Management Associations, COSO II, among others), giving concrete form to its aim to "better manage risks to ensure results".

Role of the GDF SUEZ Audit Committee

In October 2009, the Executive Committee approved the ERM policy and presented it to the Board of Directors' Audit Committee, in accordance with the risk management governance structure in place since the merger. This allows the Board to perform its duty of monitoring the effectiveness of risk management and internal control systems required by the Ordinance of December 8, 2008 transposing into French law the Eighth European Directive on corporate governance. The Board's Internal Regulations were amended for this purpose. At its request, the Audit Committee was duly informed of GDF SUEZ's exposure to financial risks stemming from the economic crisis and to other strategic and operational risks. A risk review for all of GDF SUEZ's activities was presented to the Audit Committee in January and March 2010.

GDF SUEZ overall Risk Management Policy

To consolidate its position as a world leader, GDF SUEZ seeks to manage its risks in order to maintain and continually improve the Company's value and reputation and its internal motivation. The Group considers a risk to be "any event likely to have a positive or negative impact on the Company's continuity, its reputation or the achievement of its strategic, financial and operational objectives." The Group encourages reasonable and financially viable risk-taking in compliance with laws and regulations and in line with generally held opinion.

To achieve this aim, GDF SUEZ designated the Executive Committee member in charge of the Audit and Risk Management department as *"Chief Risk Officer".* The Risk Management department, which reports to the Chief Risk Officer, coordinates the Enterprise Risk Management (ERM) network. Risk Officers working in this Central division, the Business Lines, the *Business Units* and the Functional Departments assist management in identifying and assessing risks as well as evaluating the resources provided for reducing or covering such risks. In early 2009, a unified risk assessment methodology was defined based on industry standards, best practices and the experience acquired by the two former groups.

Risks are managed by their owners and coordinated, as appropriate, by the Functional Departments.

In its supervisory and decision-making role, the Executive Committee approves the GDF SUEZ enterprise risk management policy. At least once a year it examines and approves the ERM review.

Annual Review of GDF SUEZ Risks

The Business Units completed their risk mapping and review in the first half of fiscal 2009. Subsequently, in the third quarter, the Business Lines and Functional Departments used this information to review their own risks. This information has been prioritized and summarized at the Group level in order to identify GDF SUEZ's main risks. It was reviewed by the Executive Committee, the Audit Committee and the Board of Directors prior to drawing up the 2009 financial statements. The main risk factors identified by this process are described in Section 5 of the 2009 Reference Document.

Relationship between Risk Management, Internal Audit and Internal Control

The Internal Audit arm of the Audit and Risk Management department recommends the Group's audit plan based largely on the results of the most recent risk review, which allow it to identify the most relevant audit concerns and evaluate risk coverage. In a reciprocal fashion, the audit results serve to update the risk review. Similarly, the internal control program incorporates the findings of the ERM process, and in reciprocal fashion, contributes to risk control.

Compliance with laws and regulations

Within the General Secretariat, the Legal Department helps to create a secure legal framework for the Group's operations and the decisions of its corporate officers. Dedicated teams within this Department are responsible for providing the Business Lines and Functional Departments with the necessary expertise.

Compliance with laws and regulations remains the responsibility of each Business Line and each Functional Department in its respective area of responsibility. Implementation of internal control objectives with regard to compliance with laws and regulations, is performed at each level of management throughout the Group. For example, certain cross-disciplinary compliance objectives are managed directly by the relevant Central Functional Department:

- the Finance Department ensures GDF SUEZ's compliance in matters of accounting, finance and taxation. It is in charge of regulatory financial reporting;
- within the General Secretariat, the Ethics and Compliance department is responsible for drafting rules on Group ethics and compliance , as well as ensuring that such rules are actually applied in accordance with the laws and regulations in force;
- the Human Resources department is in charge of compliance with current labor legislation and regulations and carries out employee data reporting;
- the Business Strategy and Sustainable Development department is responsible for compliance with environmental laws and regulations throughout the Group. It assesses the environmental maturity of the Group's various businesses and is in charge of regulatory environmental reporting.

Reliability of accounting and financial information

With respect to the preparation of accounting and financial information, the Company has established the internal control principles and procedures below.

AMF reference framework

The internal control system relating to accounting and financial information is consistent with the AMF reference framework. This system covers not only the processes for preparing financial information for financial statements, consolidation, forecasting phases and financial communication, but also all upstream operational processes contributing to the production of this information.

Accounting standards and procedures

The main applicable procedures for the preparation of parent company and consolidated financial statements are based on two tools:

- the manual of Group accounting policies issued by the Accounting Standards Center of Expertise within the Accounting Department. It is accessible to the Group's entire financial community via the Intranet. It is updated on a regular basis according to changes in international standards. The manual includes a definition of the performance indicators used by the Group;
- closing instructions sent out prior to each consolidation phase. These instructions address the assumptions made when preparing the year-end accounts (exchange rates, discount rates and tax rates, for example), the scope of consolidation, the timetable for submitting data, the specific points requiring attention at year-end, and the main changes in accounting regulations and standards.

Organization principles

Responsibility for accounting and financial reporting is defined at each level of the Group (Central Management, Business Lines, Business Units and legal entities). This includes setting up and maintaining an effective system of internal control.

On September 1, 2009, the Corporate Control, Planning and Accounting division was divided into two entities:

- the Accounting department; and
- the Planning and Management Control department.

These two departments report to the Finance Department and closely coordinate their activities during the weekly meetings of their key managers.

In this context, the Accounting Department drives the process of producing the GDF SUEZ consolidated financial statements, supported by the consolidation teams and management control departments of the Business Lines in leading this process role vis-à-vis the Business Units and legal entities.

Each of these entities carries out controls in its own area of responsibility to ensure that accounting standards and Group accounting policies have been circulated, understood and correctly applied. This principle of subsidiarity allows second-tier controls to be applied to the information produced:

- controls at the Business Line level on the information passed on to this level by the Business Units and legal entities;
- controls at the Central Management level on the information passed on to this level by the Business Lines.

Centers of expertise (e.g., the Consolidation Methods Center of Expertise (CMCE), described below, the Consolidation Process Center of Expertise, which combines the teams from the Energy Business Lines, and the Accounting Standards Center of Expertise) have been set up at the head office to develop optimal solutions to complex technical issues. These centers resulting from pooling expertise throughout the Group so that it is widely available, thus ensuring that both the analyses performed and the resulting positions adopted are of a consistently high standard.

The role of the Planning and Management Control department is explained under the paragraph "Setting, Coordinating and Monitoring Targets".

Information systems management

Since the March 31, 2009 quarterly closing, GDF SUEZ's consolidated reporting entities all use the SMART software package for their consolidation and reporting needs under the Group's Management Control process.

The application is managed jointly by:

- the Consolidation Methods Center of Expertise (part of the Accounting Department), which handles administration (access rights management, relationships with service providers involved in system support and operation), system configuration (the consolidation department identifies system enhancement needs, draws up specifications and validates system updates) and provides assistance to users (running a hotline);
- the Information Systems department, which is in charge of specific underlying infrastructures.

Other information systems used in the preparation of accounting and financial information are managed as appropriate on a decentralized basis by the various subsidiaries' IT departments.

Preparing accounting and financial information

All reporting levels in the Group are involved in preparing financial and accounting information. They must comply with the internal control guidelines developed at central level by the Internal Control division under the aegis of the INCOME program. This process involves, among other things:

- the Finance Department of each Business Unit and legal entity, which formally validates the accounting and financial reporting package prepared in accordance with the main procedures established at the Group level;
- the various Finance departments at the Business Line level, which are in charge of implementing procedures with all operating subsidiaries. These include decentralized management control procedures that take into account of the specific characteristics of each business;
- the Accounting Department (itself part of the Finance Department), which is in charge of financial reporting, auditing the parent company financial statements (of GDF SUEZ and the financial vehicles managed by the head office) and the consolidated financial statements, and liaising with the accounting departments of the AMF.

The Group is implementing a formalized system which commits operational and financial managers, with regard to the accuracy and fairness of the financial information passed by the legal entities, to the Business Lines and then by the Business Lines to Central Management, as well as with regard to the internal control systems, which contribute to the reliability of this information throughout the information chain mentioned in the above paragraph, "Organization principles".

Setting objectives and coordination

Group Executive Management updates and circulates GDF SUEZ's overall objectives and allocates resources to the various Business Lines. The Planning and Management Control Department, (which reports to the Finance Department) prepares written instructions to be sent out to the operational departments of the Business Lines, setting out the macroeconomic assumptions to be applied (including exchange rates, interest rates and commodity prices), the financial and non-financial indicators to be measured in the following fiscal year, the reporting calendar and the segmentation of the scope of activity. Each Business Line is responsible for sending these instructions to its subsidiaries after tailoring them to the specific characteristics of the businesses.

Management control is performed in a decentralized manner to reflect the specific characteristics of each business. In particular, it must take account of the instructions circulated periodically by the Planning and Management Control Department, the SMART software application and the manual of Group accounting policies.

The fall Business Line Committee meeting validates the objectives set for the following year for each Business Line and the corresponding budget. This meeting, prepared by the finance network under the responsibility of the Planning and Management Control Department, comprises representatives from Executive Management, Group operational and functional departments, and the operational and finance departments of the Business Line concerned. The consolidated budget is presented to the Audit Committee before being submitted to the Board. Group Executive Management then sends a summary memorandum to each Business Line setting out its quantitative and qualitative objectives.

At subsequent Business Line Committee meetings, actual figures are compared to the budget and any adjustments to annual forecasts are validated by the Group's Executive Management and Business Line management. The spring Business Line Committee meeting also looks beyond the current year to examine the projections stemming from the Medium-Term Business Plan which provides the basis for impairment tests of goodwill and long-term assets.

Financial communication

Preparing and validating the Annual Report

The General Secretary is in charge of preparing the Reference Document filed with the AMF, which involves the following:

- defining the procedures for submitting and validating the information that will appear in the Annual Report;
- overseeing the work of the Annual Report Steering Committee;
- liaising with the AMF and applying its regulations.

Preparing and approving press releases

In line with the growing importance of financial communications and the need to provide high-quality financial information, the Group ensures that the Communications and Financial Reporting Department has the resources needed to present fair and reliable information and to limit any risks to its reputation. This department is responsible for coordinating communication initiatives that could impact GDF SUEZ in terms of image, reputation, brand integrity or share value. The principles for exercising this responsibility are set out in the "Media Communications" procedure and consist of coordinating actions between the communication teams at the Center and Business Line level, implementing an approval process whenever information is communicated, whether internally or externally, and setting up an appropriate communications and crisis management response.

Effectiveness and efficiency of operations

Internal control contributes to controlling risks of malfunctions in processes and, more generally, to improving business controls. The internal control system is incorporated into the Group's operational and functional processes.

Each head of a Business Unit (or legal entity) is responsible for implementation of the internal control system within their Business Unit (or legal entity). Accordingly, the head of the Business Unit:

- develops and maintains a suitable general control environment in his Business Unit (or legal entity);
- delegates to the Business Process Owners the implementation of controls to mitigate the risks associated with activities within his or her area of responsibility;
- assesses the internal control system for his own Business Unit (or legal entity);
- relies on an Internal Control Coordinator to monitor implementation of the INCOME program and provides support to Business Process Owners;
- commits to targets set by his or her direct supervisor.

Each business process owner part of the internal control program performs an annual self assessment of the key controls based on the objectives set by each management level.

This self-assessment enables the Business Process Owner to verify that the control is still suited to the risks and to ensure that it is properly implemented. Any problem identified is analyzed and appropriate corrective measures are taken. The entire system is thus consistent with a continuous improvement approach. The implementation of corrective actions is monitored within the internal control and monitoring program.

In addition, the Integration, Synergies and Performance Department is in charge of the organization of the Group, the management of the integration processes, the coordination and monitoring of synergies and performance plans (such as EFFICIO) and the coordination of cross-disciplinary business activities.

7.5.2.4 Internal control progress plan

GDF SUEZ has launched a process of improving its internal control system in line with the general guidelines and priorities laid down by the Chairman and Chief Executive Officer, the Audit Committee and the Executive Committee. The actions undertaken under this process are of the responsibility of the Functional Departments and the Business Lines and are coordinated and monitored at the appropriate level of the internal control network. They are ultimately presented to the Audit Committee.

Areas of improvement on internal control identified in 2008

- Evaluation of the overall control environment in 2009 was refined through the use of questionnaires that were better targeted to the activities of the Business Lines and Functional Departments.
- The implementation of the INCOME program was undertaken to integrate and standardize the practices of each of the former Groups, in line with the schedule set and by identifying the contributions of the information systems by implementing automated controls. The continuous improvement of internal controls was also furthered by establishing a set of governance principles for information systems and by defining and deploying a repository for IT control processes.
- The internal control framework incorporated the risk of fraud, for which specific control activities were developed.
- Synergies between internal control and risk management have been developed by identifying INCOME program processes and related controls contributing to their management, including for risks involving information systems.

Other areas for improvement

In addition to continuous to works on the areas for improvement identified in the 2008 report on internal control procedures, topics to be developed over the coming months include the segregation of duties, coordination and monitoring of internal control incoordination with the Functional Departments, and synergies between internal control and risk management, will be deepened.

Action plans for improving the relevance of risk reviews, the creation of a risk intelligence function, and strengthening the ERM's support to management have been identified.

7.6 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE (CODE DU COMMERCE), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF GDF SUEZ

This is a free translation into English of a report issued in French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of GDF SUEZ and in accordance with article L. 225-235 of the French commercial code (Code de Commerce), we hereby report on the report prepared by the chairman of the board of directors of your company in accordance with article L. 225-37 of the French commercial code (Code de Commerce) for the year ended December 31, 2009.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code (Code de Commerce) relating to matters such as corporate governance.

Our role is to:

- report on the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code (Code de Commerce). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with article L. 225-37 of the French commercial code (Code de Commerce).

Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code (Code de Commerce).

Neuilly-sur-Seine and Paris - La Défense, March 22, 2010

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

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8.1 SHARE CAPITAL AND VOTING RIGHTS

8.1.1 SHARE CAPITAL

At December 31, 2009, the share capital of GDF SUEZ stood at €2,260,976,267, divided into 2,260,976,267 fully paid-up shares with a par value of €1 each, following the exercise of previously approved stock purchase or subscription options. The impact of the exercise of these options was included in the financial statements for the year ended December 31, 2009.

Shares of GDF SUEZ (formerly Gaz de France) are listed on the Euronext Paris Eurolist market, Compartment A, under ISIN Code FR0010208488 and ticker GSZ. They are also listed on Euronext Brussels and the Luxembourg Stock Exchange. GDF SUEZ shares are included in the CAC 40 index; the main index published by NYSE Euronext Paris, and are eligible for the deferred settlement service (SRD). GDF SUEZ appears in all the major international stock indices: CAC 40, BEL 20, Dow-Jones STOXX 50, Dow-Jones EURO STOXX 50, Euronext 100, FTSE Eurotop 100, FTSE Eurotop MSCI Europe and ASPI Eurozone.

In 2009 the share capital was impacted by the following transactions:

- the issue of 65,398,018 shares resulting from subscriptions related to the optional payment of a portion of the 2008 dividend in shares;
- the issue of 1,934,429 shares resulting from the exercise of stock options.

In all, 67,332,447 GDF SUEZ shares were issued between January 1, 2009 and December 31, 2009.

8.1.2 PLEDGES, GUARANTEES AND COLLATERAL

Pledges of assets

The percentage of shares pledged is not significant.

Other pledges

Millions of euros	Total Value	2010	2011	2012	2013	2014	From 2015 to 2019	> 2019	Account Total	Corresponding %
Intangible assets	12.7	6.5	0.3	0.2	0.0	0.0	0.8	4.9	11,419.9	0.1%
Property, plant and equipment	2,596.5	268.3	80.0	50.7	53.0	63.8	596.3	1,484.4	69,664.9	3.7%
Equity investments	1,895.1	142.3	14.7	31.4	274.3	0.0	539.5	892.8	5,738.5	33.0%
Bank accounts	47.4	42.4	0.0	0.0	0.0	0.0	0.2	4.8	10,323.8	0.5%
Other assets	109.8	10.9	20.3	9.6	5.9	13.4	6.3	43.5	30,485.6	0.4%
TOTAL	4,661.5	470.3	115.7	91.9	333.3	77.2	1,143.1	1,143.1	127,632.6	3.7%

Note: the total amount of the pledge relating to equity instruments may relate to consolidated equity instruments with zero value in the consolidated balance sheet (elimination of these equity instruments upon consolidation).

8.1.3 VOTING RIGHTS

Under Article 11 of the Company's bylaws, unless otherwise provided for by law, each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares which are fully paid up.

On December 31, 2009, after adjusting for treasury stock, the Company held 2,215,861,414 shares representing the same number of eligible voting rights.

Pursuant to Article 24.1 of Act No. 2004-803 of August 9, 2004 and Decree No. 2007-1790 of December 20, 2007, the share capital of GDF SUEZ includes a golden share (resulting from the conversion of one ordinary share) which is held by the French State, and is aimed at protecting France's critical interests in the energy sector and more specifically ensuring the continuity and safeguarding of energy supplies. For details on the State's golden share, refer to Section 9.3 below).

8.2 POTENTIAL CAPITAL AND SHARE EQUIVALENTS

The Company's potential capital as of December 31, 2009 was 36,619,478 shares that could result from the exercise of stock options.

At that date, the dilution percentage in the event of the exercise of these stock options would represent 1.62% of the share capital, noting that the French State's shareholding in the Company remains above one-third, in compliance with Article 24 of Act No. 2004-803 of August 9, 2004, as amended by Article 39 of Act No. 2006-1537 of December 7, 2006.No. 2004-803 of August 9, 2004, as amended by Article 39 of Act No. 2006-1537 of December 7, 2006.

The tables detailing the various stock option plans are provided in Note 24 of the section 11.2 hereafter.

8.3 AUTHORIZATIONS RELATED TO THE SHARE CAPITAL AND THEIR UTILIZATION

The Company's shareholders delegated the following powers and authorizations in relation to financial matters to the Board of Directors:

AUTHORIZATIONS GRANTED BY THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF JULY 16, 2008

Resolution	Type of delegation of authority	Validity and expiration	Maximum nominal amount per authorization *(in million euros or percentage of share capital)*	Amounts utilized *(in number of shares issued or as a percentage of share capital)*	Remaining balance *(as a percentage of share capital)*
13th	Capital increase, either by issuing, **with preferential subscription rights,** shares and/or share equivalents of the Company or subsidiaries	26 months (up to September 16, 2010)	**€250 million** for shares* (corresponding to a capital increase of 11.41%) **+ €5 billion** for debt securities*	None	Full amount of the authorization
14th	Capital increase, **either by issuing, without preferential subscription rights,** shares and/or share equivalents of the Company or subsidiaries or of shares of the Company to which the securities to be issued by subsidiaries would grant entitlement, including in consideration for securities contributed under a public exchange offer	26 months (up to September 16, 2010)	**€250 million** for shares* (corresponding to a capital increase of 11.41%) **+ €5 billion** for debt securities*	None	Full amount of the authorization
16th	Capital increase by the issue of shares and/or share equivalents of the Company within the limit of 10% of the share capital in consideration for contributions in kind granted to the Company and comprised of capital securities	26 months (up to September 16, 2010)	**€250 million** for shares* (corresponding to a capital increase of 11.41%) **+ €5 billion** for debt securities*	None	Full amount of the authorization
17th	Capital increase reserved for members of GDF SUEZ Company Employee Savings Plan	26 months (up to September 16, 2010)	**€40 million** i.e. 40 million shares (approximately 1.83% of the share capital)	None	Full amount of the authorization
20th	Capital increase by the issue of shares and/or share equivalents of the Company by capitalizing premiums, reserves, earnings or other accounting items.	26 months (up to September 16, 2010)	Aggregate sums that may be capitalized in the event of the capitalization of premiums, reserves, earnings or other accounting items	None	Full amount of the authorization
23rd	Authorization to reduce the share capital by canceling treasury stock	26 months (up to September 16, 2010)	10% of the share capital per 24 month period	None	Full amount of the authorization

* *This is an overall ceiling applicable to the 13th, 14th, 15th, 16th, and 17th resolutions of the Shareholders' Meeting of July 16, 2008 and to the 13th resolution of the Shareholders' Meeting of May 4, 2009.*

AUTHORIZATIONS GRANTED BY THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 4, 2009

Resolution	Type of delegation of authority	Validity and expiration	Maximum nominal amount per authorization *(in millions of euros or percentage of share capital)*	Amounts utilized *(in number of shares issued or as a percentage of share capital)*	Remaining balance *(as a percentage of share capital)*
5th	Authorization to trade in the Company's own shares	18 months (up to November 4, 2010)	Maximum purchase price: €55 Maximum shareholding: 10% of capital Aggregate amount of acquisitions: ≤**€12 billion**	GDF SUEZ holds 2% of its share capital as of December 31, 2009	8% of the share capital
13th	Capital increase, **without preferential subscription rights,** in favor of all entities whose exclusive object is to favor access to the share capital of GDF SUEZ by the Group's foreign employees	18 months (up to November 4, 2010)	**€20 million** i.e. 20 million shares (approximately 0.91% of the share capital)	None	Full amount of the authorization
14th	Delegation to be granted to the Board of Directors to award stock subscription and purchase options to corporate officers and to employees of the Company and/or companies of the Group	18 months (up to November 4, 2010)	Maximum shareholding: 0.5% of the share capital	Allocation on November 10, 2009 of 5,240,854 stock options, i.e., 0.23% of the share capital as of December 31, 2009	0.27% of the share capital
15th	Authorization to award bonus shares to corporate officers and employees of the Company and/or companies of the Group	18 months (up to November 4, 2010)	Maximum shareholding: 0.5 of the share capital, to be counted against the 0.5% of the 14th resolution approved by the Shareholders' Meeting of May 4, 2009	Allocation on November 10, 2009 of 1,693,900 Performance Shares (outstanding), i.e., 0.07% of the share capital at December 31, 2009	i.e., 0.07% of the share capital and 0.34% when including stock options which fall under the same allocated sum

* *This is an overall ceiling applicable to the 13th, 14th, 15th, 16th, and 17th resolutions of the Shareholders' Meeting of July 16, 2008 and to the 13th resolution of the Shareholders' Meeting of May 4, 2009.*

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8.4 FIVE-YEAR SUMMARY OF CHANGES IN THE GDF SUEZ SHARE CAPITAL

SHARE ISSUE

Date	Event	Nominal amount *(in euros)*	Premium *(in euros)*	Share capital *(in euros)*	Number of shares	Share par value *(in euros)*
November 17, 2004	Decree No. 2004-1223 of November 17, 2004 publishing the bylaws of the public limited company (société anonyme) Gaz de France			903,000,000	451,500,000	2.00
April 28, 2005	Two-for-one share split			903,000,000	903,000,000	1.00
July 7, 2005	Privatization - Increase of the share capital	70,323,469	1,552,469,872	973,323,469	973,323,469	1.00
July 8, 2005	Increase of the share capital for exercise of the over-allocation option	10,548,519	236,286,826	983,871,988	983,871,988	1.00
July 22, 2008	Increase of the share capital for the merger-takeover of SUEZ by Gaz de France	1,207,660,692	27,756,244,783	2,191,532,680	2,191,532,680	1.00
January 21, 2009	Increase of the share capital resulting from the exercise of stock options	2,111,140*		2,193,643,820	2,193,643,820	1.00
June 2, 2009	Increase of the share capital resulting from the issue of 65,398,018 shares resulting from subscriptions related to the optional payment of a portion of the 2008 dividend in shares	65,398,018	1,311,230,260.90	2,259,041,838	2,259,041,838	1.00
August 26, 2009	Increase of the share capital resulting from the exercise of 585,870 stock options	585,870	9,092,759.77	2,259,627,708	2,259,627,708	1.00
January 20, 2010	Increase of the share capital resulting from the exercise of 1,348,559 stock options	1,348,559	21,122,672.59	2,260,976,267	2,260,976,267	1.00

* *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2008.*

In all, 67,332,447 GDF SUEZ shares were issued between January 1, 2009 and December 31, 2009.

8.5 STOCK REPURCHASE

8.5.1 TREASURY STOCK

The fifth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 authorized the Company to trade in its own shares with a view to managing its shareholders' equity according to the applicable laws and regulations.

Terms:

- maximum purchase price: €55 per share (excluding transaction cost);
- maximum shareholding: 10% of the share capital;
- maximum aggregate amount of purchases: €12 billion.

A one-year liquidity agreement, renewable by tacit agreement, of an initial value of €55 million was signed on May 2, 2006, on the Euronext Paris market and implemented by Rothschild & Cie Banque. The amount of this agreement was raised to €150 million on July 22, 2008. A €15 million extension of this agreement, established on the same date on the Euronext Brussels market, expired on January 13, 2009 due to the implementation of a centralized order book between Paris and Brussels.

The main purpose of this agreement is to reduce the volatility of the GDF SUEZ share and therefore the risk perceived by investors.

This agreement complies with the Code of Conduct drawn up by the *Association Française des Entreprises d'Investissement* (French Association of Investment Companies) and continued to apply in 2009.

Between the Shareholders' Meetings of May 4, 2009 and December 31, 2009, under the liquidity agreement, the Company purchased 9,464,811 shares, for a total of €271.3 million or €28.66 per share. Over the same period, and also under this agreement, GDF SUEZ sold 9,267,311 shares for a total price of €266.9 million or €28.80 per share.

Between January 1, 2010 and February 28, 2010, under the liquidity agreement, GDF SUEZ purchased 4,843,407 shares for a total of €136 million or €28.08 per share and sold 5,040,907 shares for a total price of €143 million, or €28.37 per share.

On February 28, 2010, the Company held 1.99% of its share capital, or 44,915,410 shares, including: none in treasury stock under the liquidity agreement, 36,898,000 shares to be cancelled, and 8,017,410 shares held to cover future allocations of stock options and bonus shares.

8.5.2 DESCRIPTION OF THE STOCK REPURCHASE PROGRAM TO BE SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 3, 2010 (FIFTH RESOLUTION)

Pursuant to Articles 241-1 to 241-6 of the AMF's General Regulations, the purpose of the following program description is to set out the objectives, terms and conditions of GDF SUEZ's stock repurchase program, as it will be submitted to the Ordinary and Extraordinary Shareholders' Meeting to be held on May 3, 2010.

A. Main features of the program

The main features and goals of the program are summarized below:

- relevant securities: shares listed on Eurolist – SRD at the Paris Stock Exchange or on Eurolist at the Brussels Stock Exchange;
- maximum capital repurchase percentage authorized by the Shareholders' Meeting: 10%;
- maximum purchase price: €55 per share (excluding transaction cost).

B. Objectives of the stock repurchase program

The objectives of the GDF SUEZ stock repurchase program are summarized below:

- to ensure liquidity in the Company's shares by an investment service provider under liquidity agreements;
- to provide for the subsequent cancellation of the repurchased shares under a decision or authorization to reduce the share capital by the Extraordinary Shareholders' Meeting;
- to allocate or assign such shares to employees or former employees and corporate officers or former corporate officers of the Group;
- to set up stock options or bonus share plans;
- to provide for the holding and subsequent delivery of shares (as exchange, payment or otherwise) in the context of external growth transactions within the limit of 5% the share capital;

- to provide for the coverage of securities conferring entitlement to Company share allocations upon the exercise of the rights attached to securities conferring entitlement by conversion, redemption, exchange, upon presentation of a warrant or other means of allocation of Company shares.

C. Terms

Maximum percentage of share capital that may be repurchased and maximum amount payable by GDF SUEZ

The maximum number of shares that may be purchased by GDF SUEZ may not exceed 10% of the shares capital of the Company on the date of the General Shareholders' Meeting, i.e., approximately 219 million shares, for a maximum theoretical amount of €12 billion. GDF SUEZ reserves the right to hold the maximum amount authorized.

On February 28, 2010, GDF SUEZ directly held 44,915,410 million shares, or 1.9% of the capital.

Therefore, based on the estimated share capital at the date of the Meeting, the stock repurchase program could cover up to 170 million shares, representing 7.7% of the share capital, for a maximum amount payable of €9.3 billion.

Maximum term of the stock repurchase program

In accordance with the fifth resolution proposed to the Shareholders' Meeting of May 3, 2010, the stock repurchase program will be in effect for a period of 18 months beginning on the date this Shareholders' Meeting, i.e. up to November 4, 2011.

8.6 NON EQUITY

8.6.1 IRREDEEMABLE AND NON-VOTING SECURITIES

The Company (formerly Gaz de France) issued irredeemable and non-voting securities in 1985 and 1986 in two tranches, A and B. Only tranche A securities are outstanding; Tranche B securities were fully repaid in 2000.

- FEATURES OF TRANCHE A SECURITIES

Unit par value	€762.25	
Remuneration*	Fixed portion	63% of the average bond rate
	Variable portion	depends on the added value of GDF SUEZ
Repurchase	Possible redemption at any time of all or part on the stock exchange as the Company sees fit. The securities thus repurchased shall be cancelled. The securities may be repaid in full or in part as the Company sees fit at a price equal to 130% of the par value.	
Stock exchange listing	Paris	
ISIN code	FR 0000047748	

* *The minimum annual remuneration is 85% of the average bond rate and the maximum annual remuneration is 130% of the average bond rate.*

As of December 31, 2009, there were 562,402 non-voting tranche A shares outstanding, representing a nominal outstanding of €428,690,924.50. Their total market value, based on closing price on December 30, 2009 (€845), was €475,229,690.

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REMUNERATION OF TRANCHE A SECURITIES OVER THE LAST THREE YEARS

In euros	2007	2008	2009
Fixed remuneration	21.03	22.11	19.48
Variable remuneration	41.07	43.37	47.15
Theoretical total remuneration	62.11	65.48	66.64
Minimum remuneration	28.38	29.84	26.29
Maximum remuneration	43.40	45.63	40.20
Gross remuneration per security	43.40	45.63	40.20

GDF SUEZ is governed by the provisions of Articles R. 228-49 *et seq.* of the French Commercial Code applicable to issuers of irredeemable and non-voting securities and must in this respect, under Article R. 228-67 of the French Commercial Code, call a General Meeting of holders of the said securities by placing a notice in the *Bulletin des Annonces Legales Obligatoires* (Bulletin of Mandatory Legal Announcements or BALO).

AMOUNT OF SUBSCRIBED CAPITAL TRADING VOLUMES AND HIGH AND LOWS PRICES OF THE TRANCHE A SECURITIES IN PARIS

	High *(euros)*	Low *(euros)*	Trading volume *(securities)*
2008			
September	879	835	409
October	851	745	488
November	775	745	583
December	800	750	377
2009			
January	810	800	541
February	801	781	904
March	800	760	844
April	800	780	359
May	830	813	426
June	830	813	349
July	858	810	421
August	910	875	899
September	910	900	3,270
October	914	890	805
November	897	890	418
December	858	830	684
2010			
January	857	816	1,295
February	852	837	472

Source: Reuters.

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8.6.2 EURO MEDIUM TERM NOTES (EMTN) PROGRAM

GDF SUEZ has a €25 billion EMTN program with GDF SUEZ and Electrabel as issuers and GDF SUEZ as guarantor. This program was approved by the AMF on November 4, 2009.

8.6.3 BONDS

The main features of bond issues outstanding at December 31, 2009 by the Company and issued or guaranteed by GIE GDF SUEZ ALLIANCE, of which the Company is a member, are listed in the table below.

MAIN FEATURES OF BOND ISSUES

Issuer	Currency	Coupon rate	Issue date	Maturity	Amount issued *(in stated currency) (in million)*	Exchange	ISIN Code
GDF SUEZ	EUR	4.750%	02/19/2003	02/19/2013	1,250	Euronext Paris Luxembourg	FR0000472326
GDF SUEZ	EUR	5.125%	02/19/2003	02/19/2018	750	Euronext Paris Luxembourg	FR0000472334
Belgelec Finance	EUR	5.125%	06/24/2003	06/24/2015	750	Luxembourg	FR0000475741
Belgelec Finance	EUR	4.250%	06/24/2003	06/24/2010	650	Luxembourg	FR0000475733
Belgelec Finance*	EUR	Euribor 3m +12.5bp	05/03/2007	05/03/2011	400	Luxembourg	FR0010463646
Belgelec Finance	CHF	3.250%	12/27/2007	12/22/2014	340	SIX	CH0035844890
Electrabel	EUR	4.750%	04/10/2008	04/10/2015	600	Luxembourg	BE0934260531
GDF SUEZ Alliance*	EUR	5.500%	11/26/2002	11/26/2012	300	Luxembourg	FR0000471054
GDF SUEZ Alliance	EUR	5.750%	06/24/2003	06/24/2023	1,000	Luxembourg	FR0000475758
GDF SUEZ Finance*	CZK	Pribor 3m +60bp	04/24/2003	04/26/2010	500	Luxembourg	FR0000474231
GDF SUEZ*	EUR	6.250%	10/24/2008	01/24/2014	1,400	Luxembourg	FR0010678151
GDF SUEZ*	EUR	6.875%	10/24/2008	01/24/2019	1,200	Luxembourg	FR0010678185
GDF SUEZ*	EUR	4.375%	01/16/2009	01/16/2012	1,750	Luxembourg	FR0010709261
GDF SUEZ*	EUR	5.625%	01/16/2009	01/18/2016	1,500	Luxembourg	FR0010709279
GDF SUEZ*	EUR	6.375%	01/16/2009	01/18/2021	1,000	Luxembourg	FR0010709451
GDF SUEZ*	EUR	5.000%	02/23/2009	02/23/2015	750	Luxembourg	FR0010718189
GDF SUEZ*	GBP	7.000%	10/30/2008	10/30/2028	500	Luxembourg	FR0010680041
GDF SUEZ*	GBP	6.125%	02/11/2009	02/11/2021	700	Luxembourg	FR0010721704
GDF SUEZ*	CHF	3.500%	12/19/2008	12/19/2012	975	SIX	CH0048506874
GDF SUEZ*	JPY	3.180%	12/18/2008	12/18/2023	15,000	None	FR0010697193
GDF SUEZ*	JPY	Yen Libor 3m +120bp	02/05/2009	02/05/2014	18,000	None	FR0010718205
GDF SUEZ	JPY	1.17%	12/15/2009	12/15/2014	6,000	None	JP525007A9C3

* *Issued under the EMTN program.*

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8.6.4 COMMERCIAL PAPER

The Company has short term financing programs (commercial paper and US Commercial Paper).

GDF SUEZ set up a €5 billion commercial paper program on August 13, 2008. At December 31, 2008, the amount outstanding was €1,502 million.

The Company also has a US Commercial Paper program in place for US$4.5 billion. At December 31, 2009, the amount outstanding was US$3,590 million.

9 SHAREHOLDING

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9.1 STOCK EXCHANGE QUOTATION

● TRADING VOLUMES AND HIGHS AND LOWS PRICES OF GDF SUEZ SHARES IN PARIS

	High (euros)	Low (euros)	Trading volume[a]
2009			
January	35.94	30.07	4,291,391
February	32.13	25.53	5,429,007
March	26.98	22.15	6,328,729
April	26.50	23.12	6,754,726
May	27.84	25.90	5,756,256
June	28.57	25.99	4,089,944
July	27.50	23.80	4,390,874
August	29.84	26.35	4,177,024
September	31.27	28.87	4,442,314
October	30.26	28.51	3,898,811
November	29.97	27.81	3,820,670
December	30.29	28.50	3,604,782
2010			
January	30.48	27.42	4,530,934
February	27.92	26.23	4,589,942

(a) Daily average (source: Bloomberg)

Subsequent to the deregistration of GDF SUEZ with the US Securities & Exchange Commission on October 30, 2009, GDF SUEZ maintains an unlisted Level 1 ADR program on a U.S. stock exchange. These ADRs traded on the Nasdaq over-the-counter market.

9.2 BREAKDOWN OF SHARE CAPITAL – CHANGES IN SHAREHOLDING – SHAREHOLDER PROFILES

BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2009

At December 31, 2009, the Company held 2,260,976,267 shares, including 45,114,853 in treasury stock.

During fiscal 2009, the company's share capital was increased by 67,332,447 shares with a par value of €1 each. This figure includes 65,398,018 shares issued under the option for partial payment of the 2008 dividend in shares, and 1,934,429 shares following the exercise of stock options.

December 31, 2009	% of share capital	% of voting rights[a]
French Government	35.9%	36.6%
Groupe Bruxelles Lambert (GBL)	5.2%	5.3%
Employee shareholding	2.3%	2.3%
CDC Group	1.9%	2.0%
CNP Assurances Group	1.1%	1.1%
Sofina	0.6%	0.7%
Treasury stock	2.0%	–
Total Management	Not significant	Not significant
Public (to the Company's knowledge, no single shareholder in this category holds more than 5% of the share capital)	51%	52.0%
	100%	**100%**

(a) Calculated based on the number of shares and voting rights outstanding at December 31, 2009.

● MAJOR CHANGES IN GAZ DE FRANCE SHAREHOLDINGS DURING THE PAST THREE FISCAL YEARS

	December 31, 2007	July 22, 2008	December 31, 2009
	% of share capital	% of share capital	% of share capital
French Government	79.8*	79.8	Not applicable
Public	18.1	16.3	Not applicable
Employees	2.0	2-	Not applicable
Treasury stock	0.1	1.9	Not applicable

* *Following the allotment of bonus shares by the French government under the Open Price Offering, the French State's shareholding changed from 80.2% to 79.8%.*

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MAJOR CHANGES IN SUEZ SHAREHOLDING DURING THE PAST THREE FISCAL YEARS

	December 31, 2007		July 22, 2008		December 31, 2009	
	% of share capital	% of voting rights	% of share capital	% of voting rights	% of share capital	% of voting rights
Groupe Bruxelles Lambert (GBL)	9.4	13.9	9.4	14.1	Not applicable	Not applicable
Employee shareholding	3.0	4.3	3.0	4.2	Not applicable	Not applicable
CDC Group	2.7	3.0	2.9	3.3	Not applicable	Not applicable
Cogema/Areva	2.1	3.7	2.1	3.7	Not applicable	Not applicable
CNP Assurances	1.6	1.4	1.9	1.7	Not applicable	Not applicable
Sofina	1.2	1.8	1.3	1.9	Not applicable	Not applicable
Credit Agricole group	3.3	5.2	1.2	1.7	Not applicable	Not applicable
Treasury stock	2.3	-	2.7	-	Not applicable	Not applicable

MAJOR CHANGES IN GDF SUEZ SHAREHOLDING BETWEEN JULY 22, 2008 AND DECEMBER 31, 2009

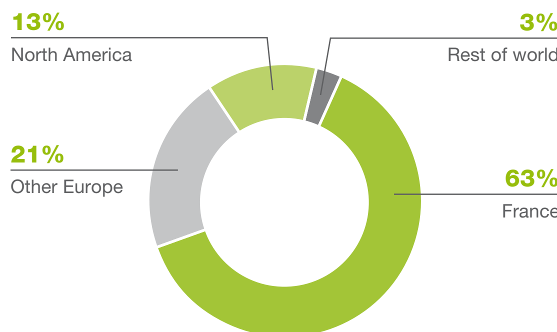
	July 22, 2008		December 31, 2008		December 31, 2009	
	% of share capital	% of voting rights	% of share capital	% of voting rights	% of share capital	% of voting rights(a)
French Government	35.7	36.1	35.6	36.4	35.9	36.6
Groupe Bruxelles Lambert (GBL)	5.4	5.4	5.3	5.5	5.2	5.3
Employee shareholding	2.8	2.8	2.7	2.8	2.3	2.3
CDC Group	2.0	2.0	1.9	2.0	1.9	2.0
Areva	1.2	1.2	1.2	1.2	0	0
Credit Agricole group	1.2	1.3	not significant	not significant	not significant	not significant
CNP Assurances	1.4	1.4	1.1	1.1	1.1	1.1
Sofina	0.7	0.7	0.7	0.7	0.6	0.7
Treasury stock	1.2	-	2.2	-	2.0	-

(a) Calculated based on the number of shares and voting rights outstanding at December 31, 2009.

At the end of December 2009, GDF SUEZ performed a survey of all identifiable bearer shares and identified 142.8 million shares held by individuals shareholders. SURLIGNE DANS LE DOC WORD

“Individuals and others” and “institutional” (investors) account for 11% and 40% of the share capital respectively.

The geographical breakdown of the share capital (excluding withholding and unidentified) is as follows:



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9.3 GOLDEN SHARE

Under the terms of Act No. 2004-803 of August 9, 2004 as amended by Act No. 2006-1537 of December 7, 2006, the State must at all times hold more than one third of the Company's capital.

Pursuant to Article 24.1 of Act No. 2004-803 of August 9, 2004 and Decree No. 2007-1790 of December 20, 2007, the share capital of GDF SUEZ includes a golden share (resulting from the conversion of one ordinary share) which is held by the French State, and is aimed at protecting France's critical interests in the energy sector and ensuring the continuity and safeguarding of energy supplies. The golden share is granted to the French State indefinitely and entitles it to veto decisions made by GDF SUEZ, or its French subsidiaries, which directly or indirectly seek to sell in any form whatsoever, transfer operations, assign as collateral or guarantee or change the intended use of certain assets covered by the Decree, if it considers they could harm French energy interests as regards the continuity and safeguarding of supplies.

Under the terms of Article 2 of Decree No. 2007-1790 of December 20, 2007, and its Appendix, the assets covered by the French State's right of veto pursuant to the golden share are:

- natural gas transmission pipelines located in France;
- assets related to the distribution of natural gas in France;
- underground natural gas storage located in France;
- liquefied natural gas facilities located in France.

In accordance with Decree No. 93-1296 of December 13, 1993 applied pursuant to Article 10 of Act No. 86-912 (as amended) relating to privatizations and concerning certain rights attached to the golden share, and to Decree No. 2007-1790 of December 20, 2007, all decisions of this nature must be reported to the Minister of Economic Affairs.

The decisions mentioned above are deemed to be authorized if the Minister of Economic Affairs does not veto them within one month of the date of their disclosure, as recorded by a receipt issued by the administration. This period may be extended for a period of 15 days by order of the Minister of Economic Affairs. Before the expiration of the aforementioned one-month period, the Minister of Economic Affairs may waive the right to veto. If there is a veto, the Minister of Economic Affairs will communicate the reasons of his or her decision to the company in question. The decision of the Minister of Economic Affairs may be appealed.

Pursuant to Decree No. 93-1296 of December 13, 1993, any transaction executed in violation of Decree No. 2007-1790 of December 20, 2007 is automatically null and void.

As of the date of this Reference Document, to GDF SUEZ's knowledge, there is no agreement relating to an option on any entity that is a member of the GDF SUEZ Group or any agreement which, if implemented, could lead to a change in its control.

9.4 STATUTORY DISCLOSURE THRESHOLDS

To the best of the Company's knowledge, at the date of this Reference Document, no shareholder other than the French State, the Groupe Bruxelles Lambert, and Capital Research and Management, acting alone or in partnership, holds more than 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3, 90% or 95% of the share capital or voting rights of GDF SUEZ, which represent shareholding percentages that must be disclosed to the Company and to the *Autorité des Marchés Financiers* (French Financial Markets Authority) no later than the fourth day following the date the threshold is crossed, pursuant to Article L. 233-7 of the French Commercial Code.

In the absence of disclosure under the terms provided in Sections I and II of Article L. 233-7 of the French Commercial Code, the shares exceeding the fraction that should have been declared will be stripped of all voting rights for all Shareholders' Meetings for a period of two years following the proper notification date.

The Company has no knowledge of any shareholders owning 0.5% or more of GDF SUEZ's share capital that have notified it of crossing statutory disclosure thresholds.

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NOTIFICATIONS OF STATUTORY DISCLOSURE THRESHOLDS RECEIVED BETWEEN JANUARY 1, 2009 AND FEBRUARY 28, 2010

GDF SUEZ			
01/23/2009	Increase	2.00%	Crédit Agricole Asset Mgt
03/13/2009	Increase	226%	Natixis Asset Mgt
03/25/2009	Increase	0.70%	Franklin Ressources Inc
03/26/2009	Increase	0.50%	CIC Asset Mgt
05/15/2009	Decrease	1.85%	Natixis Asset Mgt
05/29/2009	Decrease	0.96%	Areva
06/30/2009	Decrease	0.67%	Areva
06/05/2009	Increase	1.08%	Macquarie Group Ltd
06/10/2009	Decrease	1.50%	Macquarie Group Ltd
07/24/2009	Decrease	0.48%	Areva
08/12/2009	Increase	2.03%	Crédit Agricole Asset Mgt
09/23/2009	Decrease	1.98%	Crédit Agricole Asset Mgt
11/23/2009	Increase	2.01%	Crédit Agricole Asset Mgt
12/03/2009	Decrease	1.92%	Crédit Agricole Asset Mgt
01/04/2010	Increase	5.74%	Capital Research and Mgt
01/13/2010	Decrease	0.48%	BNP Asset Mgt
01/14/2010	Decrease	1.49%	Natixis Asset Mgt
01/15/2010	Increase	0.51%	BNP Paribas Asset Mgt
01/20/2010	Increase	1.53%	Natixis Asset Mgt

9.5 DIVIDEND DISTRIBUTION POLICY

GDF SUEZ endeavors to have a dynamic dividend distribution policy providing an attractive return compared with the sector. GDF SUEZ's objective is to pay out a dividend equal or superior to the previous year's [1].

The objectives described above do not, however, constitute a commitment by the Company, and future dividends will be assessed on a year-by-year basis depending on the Company's perfomance, financial position and any other factor considered relevant by the Board of Directors when preparing its proposals to the General Shareholders' Meetings.

In view of the above, as well as the Group's achievement of its 2009 targets and the favorable outlook for each of the Group's businesses, the Board of Directors, acting on the recommendation of the Audit Committee, decided at its October 6, 2009 meeting to pay an interim dividend for fiscal year 2009 of €0.80 per share, as of December 18, 2009.

Furthermore, the Board of Directors, acting on the recommendation of the Audit Committee, decided at its March 3, 2010 meeting to propose to the the General Shareholders' Meeting of May 3, 2010, the payment of a full dividend for fiscal year 2009 of €1.47 per share, including the €0.80 per share interim dividend already paid on December 18, 2009.

The ex-dividend date will be May 5, 2010, and the dividend will be paid on May 10, 2010.

The net dividend of €1.47 per share represents an increase of 5% compared to the ordinary dividend of €1.40 paid in 2009 for the 2008 fiscal year.

(1) 2010 or 2011 dividends payable in 2011 and 2012.

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DIVIDEND PER SHARE

GAZ DE FRANCE DIVIDENDS OVER THE LAST FIVE YEARS (AFTER ADJUSTMENT FOR THE TWO-FOR-ONE SHARE SPLIT APPROVED BY THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF APRIL 28, 2005)

Fiscal Year *(fully paid up shares)*	**Net ordinary dividend per share** *(in euros)*
2004[(a)]	0.46
2005	0.68
2006	1.10
2007	1.26
2008	N/A

(a) In order to permit meaningful comparison with 2005, the per share dividend has been adjusted to reflect the decision of the Ordinary and Extraordinary Shareholders' Meeting of April 28, 2005 to approve the two-for-one share split, with Gaz de France's share capital at that date comprising 903 million shares versus 451.5 million shares previously. On this basis, the per share dividend for 2004 would have amounted to €0.464 instead of €0.927, as approved by the Ordinary Shareholders' Meeting of March 29, 2005.

SUEZ DIVIDENDS OVER THE LAST FIVE YEARS (AFTER ADJUSTMENT FOLLOWING THE CASH CAPITAL INCREASE WITH PREFERENTIAL SUBSCRIPTION RIGHTS ON OCTOBER 12, 2005)

Fiscal Year *(fully paid up shares)*	**Net dividend per share** *(in euros)*
2004	0.79
2005	1.00
2006	1.20
2007	1.36
2008	N/A

GDF SUEZ DIVIDENDS OVER THE LAST FIVE YEARS

Fiscal Year *(fully paid up shares)*	**Net dividend per share** *(in euros)*
2004	N/A
2005	N/A
2006	N/A
2007	N/A
2008	2.20

After a period of five years, unclaimed dividends are automatically paid to the French Treasury.

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ADDITIONAL INFORMATION

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10.1 INCORPORATING DOCUMENTS AND BYLAWS

The main provisions of the Company's bylaws and Internal Regulations are set out below. These documents are available at the Company's head office and on its website: www.gdfsuez.com.

10.1.1 ISSUER'S CORPORATE PURPOSE

The Company's purpose is the management and development of its current and future assets, in all countries, by all means and especially to:

- prospect, produce, process, import, export, buy, transport, store, distribute, supply and market combustible gas, electricity and all other energy;
- trade in gas, electricity and all other energy;
- supply services related to the aforementioned activities;
- carry out the public service missions that are assigned to it under current law and regulations, in particular, the Electricity and Gas Nationalization Act No. 46-628 of April 8, 1946, the Gas and Electricity Markets and the Public Service of Energy Act No. 2003-8 of January 3, 2003, the Public Service of Electricity, Gas and Electrical and Gas Companies No. 2004-803 of August 9, 2004 as well as the Energy Sector Act No. 2006-1537 of December 7, 2006;
- study, design and implement all projects and all public or private works on behalf of all local authorities and individuals; prepare and enter into all agreements, contracts and transactions related to the implementation of the said projects and works;
- participate directly or indirectly in all operations or activities of any kind that may be connected to one of the aforementioned objects or that are liable to further the development of the company's assets, including research and engineering activities, by setting up new companies or undertakings, by contribution, subscription or purchase of securities or rights with respect to entities, by acquiring interests or holdings, in any form whatsoever, in all existing or future undertakings or companies, via mergers, partnerships or any other form;
- create, acquire, rent, take in lease management all property, real property and businesses, rent, install, and operate all establishments, businesses, plants or workshops connected with one of the aforementioned objects;
- register, acquire, operate, grant or sell all processes, patents and patent licenses relating to the activities connected with one of the aforementioned objects;
- obtain, acquire, rent and operate, mainly via subsidiaries and holdings, all concessions and undertakings related to the supply of drinking water to municipalities or water to industry, to the evacuation and purification of waste water, to drainage and sanitation operations, to irrigation and transport, to protection and pondage structures as well as all to sales and service activities to public authorities and individuals in the development of towns and the management of the environment;
- and in general to carry out all industrial, commercial, financial, personal property or real property operations and activities of any kind, including services, in particular insurance intermediation, acting as an agent or delegated agent in a complementary, independent or research position; these operations and activities being directly or indirectly related, in whole or in part, to any one of the aforementioned objects, to any similar, complementary or related objects and to those that may further the development of the Company's business.

10.1.2 CORPORATE GOVERNANCE BODIES

Regarding the composition and operations of corporate governance bodies, refer to Section 7.1 "Corporate Governance Bodies: Composition – Organization – Operation".

Board of Directors

GDF SUEZ is managed by a Board of Directors.

The Board of Directors determines the Company's business strategy and oversees the implementation thereof. Subject to the powers expressly granted to the Shareholders' Meetings and within

the limit of the Company's corporate purpose, the Board deals with all matters concerning the smooth running of the Company and through its decisions manages the Company's business. The Board may carry out the checks and verifications that it considers appropriate.

Appointment of Directors

Members of the Board of Directors are appointed by the Shareholders' Meeting, noting that special rules apply to Directors representing the French government, the three Directors representing employees and the Director representing employee shareholders.

Directors representing the French government are appointed in accordance with Article 2 of the Decree-Act of October 30, 1935 as amended; Directors representing employees and the Director representing employee shareholders are appointed in accordance with Articles L. 225-28 and L. 225-23 of the French Commercial Code and the bylaws.

Until the close of the Ordinary Shareholders' Meeting held in 2010 to approve the 2009 financial statements, the Company is managed by a Board of Directors comprised of no more than twenty-four members.

As from the close of the Ordinary Shareholders' Meeting held in 2010 approve the 2009 financial statements, the Board of Directors will be comprised of no more than twenty-two members In accordance with Articles L. 225-17, L. 225-23 and L. 225-27 of the French Commercial Code.

Rights and responsibilities of the Directors

The Board represents all shareholders, regardless of its composition and the origin of its members.

Directors must act in all circumstances in the Company's interest and, regardless of the method of their appointment, must consider themselves to represent all shareholders.

Directors must carry out their duties independently, fairly and professionally. They must seek, in all circumstances, to maintain their independence of analysis, judgment, decision and action. They must refrain from being influenced by any information that is not related to the Company's interest, which it is their role to protect and to warn the Board of any information of which they become aware that seems to them liable to affect the Company's interests.

It is their duty to clearly express their questions and opinions and to seek to convince the Board of the relevance of their positions. In the event of disagreement, they must ensure that these are explicitly recorded in the minutes of the Board's meetings.

Directors undertake to devote the necessary time and attention to their duties. They must stay informed of the business lines and the specifics of the Company, its issues and values, including by talking with principal officers. They must assiduously and diligently attend Board meetings. They must attend Shareholders' Meetings.

They must seek to obtain the information they consider essential for their knowledge in order to deliberate on the Board with full knowledge of the facts within suitable time limits and must seek to update the knowledge that they deem to be useful and may request that the company provide them with the training they need to properly perform their duties.

Measures are taken to ensure the independence of employee Directors, including with respect to their career development.

Directors contribute to the collegial administration and efficacy of the proceedings of the Board and of any specialized committees set up within the Board. They make recommendations that they feel may improve the operating procedures of the Board, particularly during the Board's periodic evaluation (not exceeding two years) by an independent director. They must accept to have their own actions on the Board evaluated as well.

They agree, along with all the members of the Board of Directors, to ensure that their supervisory duties are accomplished with efficiency and without any obstacles. In particular, they ensure that procedures are put in place in the company to verify compliance with laws and regulations, both to the letter and in spirit.

They ensure that the positions adopted by the Board, in particular relating to the approval of the financial statements, the budget, resolutions to be put to the Annual Shareholders' Meeting as well as to important matters relating to the companies' operations, are the subject of formal decisions that are properly substantiated and recorded in the minutes of the Board's meetings.

Under Article 13.6 of the bylaws, all Directors must own at least fifty (50) shares of the Company, unless an exemption has been granted under the applicable law or regulations. This obligation does not apply to representatives of the French government or Directors representing employees' shareholders.

Term of office of Directors

The term of office of all Directors is four years and expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements of the past year and held in the year during which the term of office expires. Substitute Directors may only serve for the remainder of unexpired terms.

For details on the Directors' term of office, refer to Section 7.1.1 hereof.

In the event of vacancy caused by death or resignation of one or more seats of Directors appointed by the Shareholders' Meeting, the Board of Directors may, between two Shareholders' Meetings, replace Directors whose position has become vacant during the term of office, unless the number of Directors in office falls below the legal minimum, in which case the Board of Directors or, as required, the Statutory Auditors must immediately call an Ordinary Shareholders' Meeting with the purpose of completing the Board line up. Provisional appointments made by the Board of Directors are subject to approval by the very next Shareholders' Meeting.

These provisions are not applicable in the event of a vacancy, for any reason whatsoever, of a seat of a Director appointed by the employees and the seat of the Director representing employee shareholders.

Directors representing employees and employee shareholders

The Directors representing employees and employee shareholders have the same status, powers and responsibilities as the other Directors.

The office of Directors appointed by employees expire either upon the announcement of results of an election organized by the Company in accordance with the bylaws, or in the event of the termination of their employment contract or in the event of removal from office under the terms provided for in the applicable law or regulations or for other reasons provided for by law for Directors appointed by the Shareholders' Meeting.

In the event of a vacancy of a seat of a Director appointed by the employees, the vacant seat is filled pursuant to the terms and conditions provided for in Article L. 225-34 of the French Commercial Code.

Subject to the rules relating to cooptation not being applicable thereto, the termination of office of a Director representing employee shareholders shall be subject to the same rules as those applicable to other Directors. Moreover, his/her term of office shall end automatically in the event of loss of (i) his/her capacity as employee of the company or companies or consortia affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code or (ii) his/her capacity as shareholder of the Company, individually or via a company mutual fund, unless, in the latter case, he/she brings his/her situation into compliance within a three month period.

In the event of the vacancy of the seat of a Board member representing employee shareholders for any reason, the candidates to replace such Director shall be appointed in accordance with Article 13.3 of the Bylaws at the latest prior to the meeting of the very next Shareholders' Meeting or, if it is held less than four months after the position has become vacant, prior to the next Shareholders' Meeting. The Board of Directors may validly meet and deliberate up to the date of such appointment.

Non-voting members of the Board

The Ordinary Shareholders' Meeting may appoint one or more non-voting members (*censeurs*) to the Company, within the maximum number of four, who may be natural persons or legal entities, chosen from among the shareholders or outside of them, for a term of office of four years expiring at the close of the Ordinary Shareholders' Meeting called to approve the financial statements of the past year and held in the year during which the term of office expires.

The Board of Directors shall determine the terms and conditions in which the non-voting members shall carry out their duties.

Government commissioner

Pursuant to Article 24.2 of Act No. 2004-803 of August 9, 2004, the Minister of Energy shall appoint a Government Commissioner to the Company who shall attend meetings of the Board of Directors and its committees in an advisory capacity and may present his/her observations to any Shareholders' Meeting.

Executive management

Chairman and Chief Executive Officer

Subject to the powers expressly granted by law to Shareholders' Meetings, powers that it grants specially to the Board of Directors and within the scope of the Company's corporate purpose as well as the of the provision of Article 13 to 15 of Act No. 2004-803 of August 9, 2004, either the Chairman of the Board of Directors or another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer shall be responsible for the general management of the Company under the responsibility of the Board of Directors.

The Board of Directors, at its meeting of July 22, 2008, decided not to separate the duties of Chairman and Chief Executive Officer. The Chairman of the Board of Directors is responsible for the general management of the Company.

Information on the duties of the executive management is provided in Section 7.1.4 of this Reference Document and in Section 7.1.5 of the Chairman's Report.

The Chairman of the Board of Directors represents the Board. He/she organizes and manages the Board's proceedings and reports thereon to the Shareholders' Meeting. He/she ensures the smooth running of the Company's corporate bodies and in particular sees that the Directors are able to perform their duties.

The Chairman chairs the Board of Directors' meetings, oversees deliberations and ensures compliance with the Internal Regulations. He/she may at any time suspend the meeting. The Chairman upholds the quality of dialogue and ensures that the Board's decisions are made on a collective basis. The Chairman makes sure that the Board spends enough time on discussions and allots time to each of the items on the agenda in proportion to the importance that each issue represents for the Company. The Chairman pays particular attention to ensure that the issues raised according to the agenda receive an appropriate response.

In accordance with Article 16 of the bylaws, meetings of the Board of Directors must be chaired by the Chairman, or in the his/her absence by one of the Vice-Chairmen, or else by a Director chosen by the Board at the beginning of the meeting.

The Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances. The Chairman exercises his/her powers within the scope of the Company's objectives and subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors. The Board of Directors determines, in accordance with the conditions provided for by law, the scope and term of powers granted to the Chief Executive Officer.

Whatever the term for which he/she is appointed, the functions of the Chief Executive Officer shall terminate not later than the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the past fiscal year and held in the year in which the CEO reaches the age of 65.

President

The Board may appoint, as provided by law, only one person responsible for assisting the Chief Executive Officer. This President is to be chosen from among the members of the Board of Directors. The President is also appointed Vice-Chairman of the Board of Directors, pursuant to Article 17.2 of the bylaws.

Whatever the term for which he/she is appointed, the functions of the President shall terminate not later than the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the past fiscal year and held in the year in which said officer reaches the age of 65.

With respect to third parties, the President has the same powers, exercised within the same limitations, as the Chief Executive Officer.

Internally to the Company, the extent and duration of the powers conferred on the Vice-Chairman and President are determined by the Board, as provided by law.

Vice-Chairman of the Board of Directors

The Board of Directors may elect from among its members one or more Vice-Chairmen. Article 17.2 of the bylaws provides that the President is also appointed Vice-Chairman of the Board of Directors.

The Vice-Chairman is responsible for chairing the Board in the absence of the Chairman.

Decisions of the Board of Directors

Directors are notified of Board of Directors' meetings by the Chairman under the conditions provided for by law, the bylaws and the Internal Regulations. The notice of meeting states the meeting's venue and contains the agenda.

When the Board of Directors has not met for over two months, at least one-third of the members of the Board may request that the Chairman call a meeting on a specific agenda. The Board of Directors meets at the venue stated in the notice of meeting.

The Chairman may take the initiative to organize meetings of the Board of Directors by videoconference, by web conference, or by any other means of telecommunication, within the limits and subject to the conditions set under the current law and regulations and, where applicable, the Internal Regulations.

The Board may validly deliberate only if at least half of the Directors are present or deemed to be present at the meeting; members represented are not included in this count.

Directors who participate in Board meetings by any videoconference or telecommunication means that allow them to be identified and that ensure their effective participation in accordance with the conditions set under current regulations, the terms of the bylaws and the internal regulations are deemed to be present for calculation of the quorum and majority.

The Chairman sets the agenda for meetings. Any Director who wishes to discuss any matter with the Board which is not on the agenda must notify the Chairman prior to the meeting. The Chairman will in turn notify the Board.

Resolutions are made under the conditions of quorum and majority provided by law. In the event of a tie, the Chairman shall have a casting vote.

Regulated agreements

Any agreement made directly or through an intermediary between GDF SUEZ and a member of the Board of Directors, its Chief Executive Officer, a Deputy General Manager or a shareholder holding more than 10% of the voting rights, or if the shareholder is a company, the company controlling it within the meaning of Article L. 233-3 of the French Commercial Code, must be submitted to the Board of Directors for prior approval.

This authorization is also required for agreements involving GDF SUEZ in which one of the persons mentioned in the preceding paragraph is indirectly involved, and to agreements between GDF SUEZ and another company, if one of the Directors, the Chief Executive Officer or one of the Deputy General Managers of the company is an owner, partner with unlimited liability, legal manager, Director, member of the Supervisory Board or, in general, a manager of the company concerned.

Independent Directors may put forward recommendations on such agreements to the Board of Directors in the interests of the company.

Without prejudice to the formalities of prior authorization and control laid down by law and the bylaws, the Company's Directors must promptly disclose to the Chairman any agreement entered into by the Company and in which they are directly or indirectly involved.

In particular, Directors must thus disclose to the Chairman any agreement entered into between themselves, or a company of which they are executive managers, or in which they directly or indirectly hold a significant interest, and the Company or one of its subsidiaries.

The Chairman shall promptly notify all Directors of the essential terms and conditions of agreements disclosed and notify the Statutory Auditors of agreements authorized by the Board within a one-month period after said agreements have been signed.

The foregoing terms are not applicable to agreements relating to day to day transactions and entered into under normal conditions, which are subject to the formalities provided for in Article L. 225-39 of the French Commercial Code.

Compensation of Directors and non-voting Board members

The Shareholders' Meeting determines the annual global amount of directors' fees allocated to the Board of Directors which, on recommendation of the Compensation Committee, shall allocate the said compensation between its members and set the amount of the non-voting members' fees by deduction from the annual budget for directors' fees.

The Company reimburses Directors for expenses incurred in the performance of their duties upon presentation of substantiating documents.

Directors representing employees are given a time credit equal to one-half of the statutory work time.

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10.1.3 RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO SHARES

Voting rights (Articles 10, 11, 12 and 20 of the bylaws)

Each share entitles the holder to vote and be represented at Shareholders' Meetings, in accordance with current law and the bylaws. Ownership of one share entails automatic acceptance of these bylaws and of all decisions of the Shareholders' Meeting of the Company.

Unless otherwise provided for by law, each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares which are fully paid up.

The shares are indivisible with regard to the Company. Co-owners of shares are represented at Shareholders' Meetings by one of them or by a single agent. In case of disagreement, at the request of the first co-owner to so request, a court may appoint an agent.

The voting rights attached to shares belong to the beneficial owner of the shares, in the case of Ordinary Shareholder's Meetings and to the bare owner, in the case of Extraordinary Shareholders' Meetings.

Any time it is necessary to own several shares in order to exercise any right whatsoever, in the case of an exchange, reorganization or an allotment of shares, or as a result of a share capital increase or decrease, a merger or any other corporate transaction, the owners of isolated shares or an insufficient number of shares may exercise such right provided that they combine or, as the case may be, buy or sell the necessary shares or rights.

Shareholders may be represented at any meeting either by their spouse or another shareholder. The owners of securities mentioned in the seventh paragraph of Article L. 228-1 of the French Commercial Code may be represented, in accordance with the conditions provided for by law, by a registered intermediary.

Any shareholder may cast a postal vote in accordance with the terms and conditions provided for by law and the regulations. The shareholders may, in accordance with the terms and conditions provided for by law and regulations, send their postal proxy form either as a printed form or, further to a decision of the Board of Directors published in the notice of meeting and the notice to attend the meeting, by electronic transmission.

For information on the French government's golden share, refer to Section 8.1 of this Reference Document.

Golden share (Article 6 of the bylaws)

Under Article 24.1 of Act No. 2004-803 of August 9, 2004 and Decree No. 2007-1790 of December 20, 2007, the share capital of GDF SUEZ includes a golden share (resulting from the transformation of one ordinary share) which is held by the French government, and is aimed at protecting France's critical interests in the energy sector and ensuring the continuity and safeguarding of supplies (see Section 9.3 hereof).

Under the terms of Act No. 2006-1537 of December 7, 2006, the State must at all times hold more than one-third of the Company's share capital.

10.1.4 CHANGE IN RIGHTS ATTACHED TO SHARES

The rights attached to the Company's shares may be modified only by the Extraordinary Shareholders' Meeting, subject to the special terms related to the French government's golden share under Article 6 of the bylaws (refer also to Section 9.3 "Golden share" above).

In accordance with the applicable law and regulations, any amendment of the bylaws that defines the rights attached to GDF SUEZ shares must be approved by a two-thirds majority at the Extraordinary Shareholders' Meeting. All increases in the commitments of the shareholders must be unanimously approved by all shareholders.

10.1.5 SHAREHOLDERS' MEETINGS

Notice to attend Meetings (Articles 20, 21 and 22 of the bylaws)

Ordinary and Extraordinary Shareholders' Meetings and, where applicable, Special Shareholders' Meetings must be called, meet and deliberate in accordance with the conditions provided for by law.

The party issuing the notice of meeting also draws up the agenda of meetings. However, one or more shareholders may, in accordance with the conditions provided for by law, request that draft resolutions be entered on the agenda.

The meeting may take place at the company's head office or at any other location stated in the notice.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, one of the Vice-Chairmen of the Board of Directors or, in the latter's absence, a Director delegated for this purpose by the Board. Otherwise, the Meeting appoints its own chairman.

In accordance with the law and regulations, Shareholders' Meeting are described as being Extraordinary when their decisions involve an amendment of the bylaws and as Ordinary in all other cases. Shareholders' Meetings and, where applicable, Special Meetings have the powers defined by law.

The two members of the Shareholders' Meeting present who accept said duties and who hold the greatest number of votes will act as vote tellers. The officers of the meeting appoint the Secretary, who may be chosen from outside the shareholders.

An attendance sheet is kept in accordance with the conditions provided for by law.

Minutes of meetings are drawn up and copies thereof are issued and certified in accordance with the conditions provided for by law.

Attendance at Meetings (Article 20 of the bylaws)

All shareholders have the right to attend the meetings provided their shares are paid in full.

The right to attend meetings or to be represented therein is subject to the account registration of the securities in the shareholder's name by midnight (CET) of the third business day prior to the meeting, either in the registered securities' accounts held by the Company or in bearer securities' accounts held by the authorized intermediary.

The Board of Directors may, if it deems necessary, send to the shareholders individualized admission cards in each shareholder's name and require them to be presented in order to gain access to the Shareholders' Meeting.

If the Board of Directors so decides at the time of calling the meeting, the shareholders may participate in the meeting by videoconference or by any telecommunication or remote transmission means, including via Internet, that permits their identification in accordance with the terms and conditions set under current regulations. Where applicable, this decision shall be announced in the notice of meeting published in the *Bulletin des Annonces Legales Obligatoires* (Bulletin of Mandatory Legal Announcements or BALO).

Shareholders may be represented at any meeting either by their spouse or another shareholder.

The owners of securities mentioned in the seventh paragraph of Article L. 228-1 of the French Commercial Code may be represented, in accordance with the conditions provided for by law, by a registered intermediary.

10.1.6 PROVISIONS RELATING TO THE DISCLOSURE OF INTERESTS

Duty of disclosure upon crossing thresholds (Article 9 of the bylaws)

In addition to the thresholds provided for under Article L. 233-7 of the French Commercial Code, any natural person or legal entity acting alone or in concert who happens to directly or indirectly hold a portion of the capital or voting rights or securities that may be converted in the future to capital of the Company - equal or in excess of 0.5% - must inform the Company thereof by recorded delivery letter, within five trading days as from crossing the said 0.5% threshold, by specifying his/her/its identity, as well as that of natural persons or legal entities acting in concert therewith, and by specifying the total number of shares, voting rights or share equivalents that he/she/it owns directly or indirectly or else in concert. This duty of disclosure relates also to the possession of each additional portion of 0.5% of the capital or voting rights or share equivalents of the Company. It is noted that thresholds to be declared under this paragraph shall be determined pursuant to the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code and current regulations. This same duty of disclosure applies in accordance with the same time limits, in the event of crossing under the 0.5% threshold or a multiple thereof.

The intermediary registered as a holder of shares pursuant to the seventh paragraph of Article L. 228-1 of the French Commercial Code is bound, without prejudice to the obligations of shareholders, to make the declarations provided for in this Article, for all shares for which he/she/it is registered in account.

Pursuant to the provisions of Article L. 233-7 of the French Commercial Code, in the event of breach of the foregoing provisions, one or more shareholders holding more than 0.5% of the capital or voting rights may request that the penalties provided for in the first two paragraphs of Article L. 233-14 of the French Commercial Code be applied.

Identification of bearer securities (Article 9 of the bylaws)

In order to identify bearer securities, the Company may request, in accordance with the law and regulations and subject to the penalties provided for under the French Commercial Code, the central depository that manages the issue account of its securities for information that allows identification of holders of Company securities that grant immediately or in the future, the right to vote at its Shareholders' Meeting and, in particular, the quantity of securities held by each of them.

If they are registered securities that may be converted immediately or in the future to capital, the intermediary registered in accordance with the conditions provided for under the French Commercial Code must reveal the identity of owners of said securities on simple request from the Company or its agent, which may be presented at any time.

The breach by holders of securities or intermediaries of their duty to disclose the information provided for above may, in accordance with the conditions provided for by law, entail the suspension or loss of voting right and the right to the payment of dividends attached to the shares.

10.1.7 CHANGES IN SHARE CAPITAL

The share capital may be increased, reduced or amortized in accordance with the conditions provided for by law, subject to the special provisions relating to the French government's stake and its golden share pursuant to Article 6 of the bylaws (refer also to Section 10.1.3 above).

Only the Extraordinary Shareholders' Meeting is empowered to decide on a share capital increase, based on the report by the Board of Directors.

If the increase is carried out by capitalizing reserves, earnings or issue premiums, the Shareholders' Meeting must vote in accordance with the quorum and majority requirements of Ordinary Shareholders' Meetings.

10.2 LEGAL AND ARBITRATION PROCEEDINGS

In the normal course of its business, the Group is party to a number of legal and arbitration proceedings with third parties and is subject to certain investigations and proceedings under competition law. The main proceedings at the date of issue of this Reference Document are presented hereafter. Provisions recorded with respect to these legal and arbitration proceedings totaled €481 million in 2009 (versus €1,280.5 million at December 31, 2008).

With the exception of the proceedings described in Section 10.2 herein, and the procreding and/or investigations discribed in chapter 2 of this Reference Document, GDF SUEZ is not aware of any other legal, governmental or arbitration proceedings (including any pending or threatened*) which have had or are likely to have a material impact on the financial position or profitability of the Company or the Group within the past twelve months.

10.2.1 LEGAL PROCEEDINGS

Rue de la Martre

On December 26, 2004, a gas explosion at 12 rue de la Martre in Mulhouse, France resulted in 17 deaths and significant material damage. The judicial experts' report attributes the cause of the explosion to a "crack" in Gaz de France's distribution pipeline, discovered the day after the explosion and consequently, the company was placed under judicial investigation on March 21, 2006.

Following the investigation, GDF SUEZ (formerly Gaz de France), which contested neither its criminal liability, nor the cause of the explosion, was summoned before the Mulhouse Criminal Court by order dated November 7, 2008, on charges of involuntary manslaughter and injuries, as well as involuntary destruction of property by fire or explosion. The hearings took place between March 9 and March 19, 2009.

On June 8, 2009, GDF SUEZ was sentenced to a fine of €225,000 for involuntary manslaughter and of €7,500 for involuntary injuries and to publication obligation. GDF SUEZ did not appeal this sentence.

Ghislenghien

Following the leak in one of Fluxys' gas transit pipelines in Ghislenghien, Belgium, on July 30, 2004, which resulted in 24 deaths and over 130 injuries, Electrabel, a GDF SUEZ company, was one of 22 natural or legal persons indicted for involuntary manslaughter and injuries due to failure to take protective or precautionary measures.

The public prosecutor requested that Electrabel, GDF SUEZ Group and Fluxys be summoned before the criminal court for involuntary manslaughter and bodily injuries, as well as for contravening the Act of August 4, 1996 on the welfare of workers. The court dismissed the charges against Electrabel on January 16, 2009.

Fluxys (in which GDF SUEZ sold its controlling interest to Publigas in September 2008) was summoned before the criminal court for involuntary manslaughter and bodily injuries, as well as for contravening the Act of August 4, 1996 on the welfare of workers. In a decision handed down on February 22, 2010, the criminal court of Tournai acquitted Fluxys of all charges. The public prosecutor lodged an appeal against this decision.

** This term is understood as investigations or controls that have commenced.*

Queen Mary

Following the collapse of a footbridge leading onto the Queen Mary II ocean liner in Saint-Nazaire on November 15, 2003, as a result of which 16 people died and 30 or so people were injured, a third party claim was brought against Endel, a GDF SUEZ company, with respect to the assembly of the hired footbridges leading from the dock to the liner.

By decision of February 11, 2008, Endel was sentenced to a fine of €150,000 for involuntary manslaughter and 11 fines of €2,500 for involuntary injuries. The four employees of Endel charged with involuntary manslaughter and injuries were acquitted in the absence of established misconduct. *Les Chantiers de l'Atlantique* and Endel were ordered, jointly and severally, to indemnify the victims.

The public prosecutor of Saint-Nazaire appealed against the decision and the hearings took place from March 23 to April 3, 2009. By a judgment handed down on July 2, 2009, the Rennes Court of Appeal confirmed the court's decision in that it ordered Endel to pay a fine, which it increased to €225,000, and, jointly and severally with *Les Chantiers de l'Atlantique*, to indemnify the victims. However, it reversed the criminal court's decision to acquit two of the employees involved. Endel and the two employees will not appeal the judgment before the *Cour de Cassation*.

Electrabel – Hungarian state/European Commission

Electrabel filed international arbitration proceedings against the Hungarian state before the International Centre for Settlement of Investment Disputes (ICSID), for breach of obligations under the Energy Charter Treaty. Initially, the dispute mainly concerned (i) electricity prices set in the context of a long-term power purchase agreement (PPA) entered into between the power plant operator Dunamenti (in which Electrabel owns a 74.82% interest) and MVM (a company controlled by the Hungarian state) on October 10, 1995, and (ii) allocations of CO_2 emission allowances in Hungary. Following (i) the decision by the European Commission of June 4, 2008, to classify the long-term PPAs in force at the time of Hungary's accession to the EU (including the agreement between Dunamenti and MVM) as illegal State aid incompatible with the EU Treaty, and (ii) Hungary's subsequent decision to terminate these agreements, Electrabel extended its request for the purpose of obtaining compensation for the harm suffered on the ground of such termination. The European Commission petitioned the arbitration tribunal for amicus curiae participation on August 13, 2008.

The arbitration tribunal has temporarily suspended its investigation into certain issues over which the Hungarian state claims it lacks jurisdiction, but has authorized Electrabel to file an additional claim for damages.

Slovak Gas Holding

Slovak Gas Holding ("SGH") is held with equal stakes by GDF SUEZ and E.ON Ruhrgas AG and holds a 49% interest in Slovenský plynárenský priemysel, a.s. ("SPP"), the remaining 51% being held by the Slovak Republic through the National Property Fund.

SGH has taken preliminary steps towards international arbitration proceedings against the Slovak state for breach of obligations under (i) the Bilateral Treaty entered into by the Slovak Republic with the Czech Republic on the one hand and the Netherlands on the other hand (the "Bilateral Treaty"), and (ii) the Energy Charter Treaty.

The dispute relates to the legal and regulatory framework, which the Slovak Republic has recently amended or redefined in view of controlling SPP's ability to request price increases to cover gas selling costs.

Discussions between the parties are still ongoing.

Argentina

SUEZ and certain other shareholders of water distribution and treatment concession operators in the greater Buenos Aires area (Aguas Argentinas in Buenos Aires, Aguas Provinciales de Santa Fe in Rosario and Aguas Cordobesas in Cordoba) launched arbitration proceedings against the Argentine state in 2003 before the International Centre for Settlement of Investment Disputes (ICSID) pursuant to the Franco-Argentine Bilateral Investment Protection Treaties. The aim of these proceedings is to obtain compensation for the loss of value of investments made since the start of the concession, due to measures taken by the Argentine state following the adoption of the Emergency Act in 2002, which froze tariffs under concession contracts.

The arbitration proceedings are still underway, except those relating to Aguas Cordobesas. SUEZ sold its controlling interest in Aguas Cordobesas to the private Argentine group Roggio in 2006 and its residual 5% interest to SUEZ Environnement upon the listing of the latter. The arbitral awards initially expected in 2009 should be pronounced soon.

Alongside the arbitration proceedings, the concession operators have instituted proceedings before the Argentine courts against the decisions by the authorities to terminate the concession contracts which led to the bankruptcy of Aguas Argentinas and the voluntary liquidation of Aguas Provincales de Santa Fe. These proceedings are still ongoing.

Banco de Galicia, a minority shareholder of Aguas Argentinas, which was excluded from the arbitration proceedings, has withdrawn the action it initiated for abuse of majority shareholder power following the buy-back by GDF SUEZ of its interests in Aguas Argentinas and Aguas Provinciales de Santa Fe. The claim filed by Aguas Lenders Recovery Group in order to obtain the payment by SUEZ, Agbar and AYSA of US$130 million owed by Aguas Argentinas to unsecured lenders, has also been withdrawn.

For the record, prior to the merger of SUEZ and Gaz de France and the stock market listing of SUEZ Environnement, SUEZ and SUEZ Environnement entered into an agreement providing for the economic transfer to SUEZ Environnement of the rights and obligations relating to the ownership interest held by SUEZ in Aguas Argentinas and Aguas Provinciales de Santa Fe.

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Togo Électricité

In February 2006, the Togolese state took possession of all of the assets of Togo Électricité, without indemnification. It instituted several proceedings, including proceedings instituted first against Togo Électricité, a GDF SUEZ (Energy Services) company, then subsequently against GDF SUEZ, seeking an order for payment by the two companies of compensation between FCFA27 billion and FCFA33 billion (between €41 million and €50 million) for breach of contract.

In March 2006, Togo Électricité instituted arbitration proceedings, which were joined by GDF SUEZ, before the International Centre for Settlement of Investment Disputes against the Togolese state, following the adoption of governmental decrees which terminated the concession contract held by Togo Électricité since December 2000 for the management of Togo's public power supply service.

The hearings of the arbitration Tribunal took place in July 2009 and an award could be rendered in first half of 2010.

Fos Cavaou

By order dated December 15, 2003 in respect of facilities subject to environmental protection (ICPE) the Prefect of the Bouches du Rhône department authorized Gaz de France to operate an LNG terminal in Fos Cavaou. The permit to build the terminal was issued the same day by a second prefectural order. These two orders have been challenged in court.

Two actions for annulment of the building permit were filed with the Administrative Court of Marseille, one by the Fos-sur-Mer authorities and the other by the Syndicat d'agglomération nouvelle (SAN). These actions were dismissed by the Court on October 18, 2007. The Fos-sur-Mer municipality appealed this decision on December 20, 2007. It withdrew from the proceedings on January 11, 2010.

The order authorizing the operation of the terminal is subject to two actions for annulment before the Administrative Court of Marseille, one filed by the Association de Défense et de Protection du Littoral du Golfe de Fos-sur-Mer (ADPLGF) and the other by a private individual.

The Administrative Court of Marseille cancelled the prefectural order authorizing the operation of the Fos Cavaou terminal on June 29, 2009. Elengy, which represents the rights of GDF SUEZ in these proceedings, filed an appeal on July 9, 2009 and prepared a new application for authorization to operate the terminal. The appeal is pending.

A provisional operating permit was enacted on October 6, 2009, which allows for the building work to continue and for the terminal to be partially operated, subject to specific regulations.

United Water

A claim for compensatory damages of US$66 million and punitive damages of the same amount was filed by flood victims residing in the Lake DeForest area (State of New York, USA) against United Water, a GDF SUEZ company, for alleged negligence in the maintenance of the local dam and reservoir.

The claim was filed pursuant to torrential rain, which caused the rainwater drainage system operated by United Water to overflow. The claim for damages was dismissed on December 21, 2009 and the residents have appealed this decision.

Squeeze-out bid for Electrabel shares

On July 10, 2007, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal against SUEZ and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. By decision dated December 1, 2008, the Court of Appeal ruled that the claim was unfounded.

Deminor and others appealed the decision before the Court of Cassation on May 22, 2009. These appeal proceedings are still ongoing.

MM. Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application was invalid. A new application was filed, without Electrabel and the Belgian Banking, Financial and Insurance Commission being joined as parties to the proceedings. The case was heard on October 21, 2008 and judgment was reserved. A new hearing was scheduled for September 22, 2009. By decision handed down on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

Claims by the Belgian tax authorities

The Special Inspection department of the Belgian tax authorities is claiming €188 million from SUEZ-Tractebel SA, a GDF SUEZ company, concerning past investments in Kazakhstan. SUEZ-Tractebel has filed an appeal against this claim. As the Belgian tax authorities had still not taken a decision ten years after the claim, an appeal was lodged with the Court of First Instance of the European Communities in December 2009.

The Special Inspection Department taxed financial income generated in Luxembourg by the Luxembourg-based cash management branches of Electrabel and SUEZ-Tractebel. This financial income, which was already taxed in Luxembourg, is exempt in Belgium in accordance with the Belgium-Luxembourg convention for the prevention of double taxation. The Special Inspection Department refuses this exemption. The tax assessed in Belgium amounts to €177 million for the period 2003 to 2006. The Group has challenged the Special Inspection Department's decision before the Court of First Instance of the European Communities.

Objection to a provision of Belgian tax law

On March 23, 2009, Electrabel filed an appeal with Belgium's Constitutional Court against the €250 million tax on nuclear power generators imposed by the December 22, 2008 act *(Loi-programme)* (including €222 million paid by Electrabel). The Constitutional Court rejected this claim by a decision dated March 30, 2010. The December 23, 2009 act has imposed the same tax in respect of 2009. In compliance with this act, the Group has paid €213 million.

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Claim by the US tax authorities (IRS)

GDF SUEZ Energy North America, a GDF SUEZ company, was subject to a tax audit by the IRS, who rejected the deduction of interest on loans taken out with Group subsidiaries and banks. An adjustment of US$260 million was notified in respect of 2004 and 2005.

In May 2009, a revised adjustment of US$93 million was notified in respect of the same years, excluding a US$40 million fine. Meanwhile, a second tax deficiency notice has been issued in which the additional amount of tax claimed has been reduced to US$49 million and the amount of the fine to US$7 million. An appeal has been filed with the IRS Appeal Division.

Claim by the French tax authorities

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the sale by SUEZ of a tax receivable in 2005 for an amount of €995 million. On July 7, 2009, they informed GDF SUEZ that they confirmed their position. GDF SUEZ is waiting to receive the tax assessment notice.

Cartagena

GDF SUEZ is party to arbitration proceedings lodged by AES Energia Cartagena before the ICC International Court of Arbitration in September 2009 in connection with the Energy Agreement dated April 5, 2002. The agreement provides for the conversion by AES Energia Cartagena of gas supplied by GDF SUEZ into electricity at the combined cycle power plant located in Cartagena, Spain.

The proceedings relate to the question as to which of the parties should assume past and future costs and expenditures arising in connection with the power plant and in particular those relating to CO_2 emissions certificates, property taxes and social subsidies.

The arbitration tribunal has been constituted, the parties are exchanging their pleadings and the hearings will take place in London during the week of May 31 to June 4, 2010. The award should be rendered by the end of the year.

10.2.2 COMPETITION AND CONCENTRATION

“Accès France” proceeding

On May 22, 2008, the European Commission announced its decision to initiate formal proceedings against Gaz de France for a suspected breach of EU rules on abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term transport capacity reservation and a network of import agreements, as well as potential underinvestment in transport and import infrastructure capacity. On June 22, 2009, the Commission sent GDF SUEZ, GRTgaz and Elengy a preliminary assessment in which it stated that GDF SUEZ might have abused its dominant position in the gas sector by foreclosing access to gas import capacity in France. On June 24, 2009, GDF SUEZ, GRTgaz and Elengy offered certain commitments in response to the preliminary assessment, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed GDF SUEZ, GRTgaz and Elengy of how third parties had responded. On October 21, 2009, GDF SUEZ, GRTgaz and Elengy filed amended commitments aimed at facilitating access to and competition on the French natural gas market. The Commission adopted on December 3, 2009 a decision that renders legally binding these commitments. This decision marks the end of the proceedings initiated in May 2008.

Megal

On June 11, 2008, Gaz de France received a statement of objections from the European Commission in which it voices its suspicions of concerted practice with E. ON resulting in the restriction of competition on their respective markets regarding, in particular, natural gas supplies transported via the Megal pipeline. GDF SUEZ filed observations in reply on September 8, 2008 and a hearing took place on October 14, 2008. On July 8, 2009, the Commission fined GDF SUEZ and E. ON €553 million each for agreeing not to compete against each other in their respective gas markets. GDF SUEZ has paid the fine. The Commission considered that these restrictive business practices, which ended in 2005, had begun in 1975 when the agreements relating to the Megal pipeline were signed and GDF SUEZ and E.ON had agreed not to supply gas transported via the Megal pipeline to customers in their respective markets.

GDF SUEZ brought an action for annulment before the General Court of the European Union on September 18, 2009.

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Compagnie Nationale du Rhône

On June 10, 2009, the European Commission decided to impose a fine of €20 million on Electrabel, a GDF SUEZ company, for having acquired control of Compagnie Nationale du Rhône (CNR) at the end of 2003, without its prior approval. The decision was handed down further to a statement of objections sent by the Commission on December 17, 2008, to which Electrabel responded in its observations in reply filed on February 16, 2009. On August 20, 2009 Electrabel brought an action for annulment of the Commission's decision. The Commission's decision and Electrabel's application will not affect Electrabel's acquisition and control of Compagnie Nationale du Rhône, which was approved by the European Commission on April 29, 2009.

Long-term Power Purchase Agreements in Hungary

The European Commission handed down a decision on June 4, 2008, according to which the long-term Power Purchase Agreements entered into between power generators and the Hungarian state, which were in force at the time of Hungary's accession to the European Union, constituted illegal State aids, incompatible with the EU Treaty. It asked the Hungarian state to review these contracts, recover the related State aids from the power generators and, where necessary, to indemnify the parties to the agreements. The Group is directly concerned as it is party to a long-term Power Purchase Agreement through the intermediary of its subsidiary Dunamenti. The Agreement was entered into with MVM, Hungary's state-owned power company, on October 10, 1995. Further to the Commission's decision, the Hungarian government passed a law providing for the termination of the Power Purchase Agreements with effect from December 31, 2008 and the recovery of the related State aid. Discussions are ongoing between the Hungarian state and the European Commission regarding the amount of State aids to be recovered, which must be approved by the Commission. Dunamenti has brought an action with the European Court on April 28, 2009 for annulment of the Commission's decision.

Investigation on the term of electricity supply contracts in Belgium

In July 2007, the European Commission started an investigation into electricity supply contracts entered into by the Group with industrial customers in Belgium. The investigation is ongoing and Electrabel, a GDF SUEZ subsidiary, is cooperating fully with the Directorate-General for Competition on this matter.

Unwinding of cross-shareholdings between Compagnie Générale des Eaux and Lyonnaise des Eaux France

In its decision of July 11, 2002, the French Antitrust Council ruled that the existence of equal stakes in water distribution companies held by Compagnie Générale des Eaux (a subsidiary of Veolia Environment) and Lyonnaise des Eaux France (a subsidiary of SUEZ Environnement) created a collective dominant position between the two groups. Although the French Antitrust Council did not impose sanctions against the two companies, it requested the French Minister of the Economy to order the two companies to modify or terminate the agreements under which their resources are combined within joint subsidiaries in order to lift the barrier to competition. As part of the Minister of the Economy's investigation, the two companies were asked to unwind their cross-holdings in these joint subsidiaries. Lyonnaise des Eaux France and Veolia Eau-Compagnie Générale des Eaux complied with the request and entered into an agreement in principle to this effect on December 19, 2008. On July 30, 2009, the European Commission authorized the purchase by Veolia Eau of Lyonnaise des Eaux's stake in three of the joint subsidiaries. The European Commission authorized the purchase by Lyonnaise des Eaux of the six other joint subsidiaries on August 5, 2009. An amendment to the December 2008 agreement was signed on February 3, 2010, providing for the purchase by Lyonnaise des Eaux of Veolia Eau's stake in two of the three joint subsidiaries that were initially going to be bought out by Veolia Eau. A further request for authorization, reflecting the terms and conditions of this amendment, was submitted to the European Commission. The process should be completed during the first half of 2010.

Inquiry into the Belgian electricity wholesale market

In September 2009, the Belgian competition authority (*Autorité Belge de la Concurrence*) organized raids on several companies active in Belgium's electricity wholesale market, including Electrabel, a GDF SUEZ subsidiary.

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10.3 DOCUMENTS AVAILABLE TO THE PUBLIC

The documents relating to GDF SUEZ that must be made available to the public (bylaws, reports, historical financial information on Gaz de France, SUEZ and GDF SUEZ, as well as on the GDF SUEZ Group subsidiaries included or mentioned in this Reference Document and those relating to each of the two years prior to the filing of this Reference Document) may be consulted during the entire validity period at the registered office of GDF SUEZ (22, rue du Docteur Lancereaux, 75008 PARIS). These documents may also be obtained in electronic format from the GDF SUEZ website (www.gdfsuez.com) and some of them may be obtained from the website of the Autorité des Marchés Financiers (AMF – French Financial Markets Authority) (www.amf-france.org).

CORPORATE COMMUNICATION POLICY

Valérie Bernis

Member of the Executive Committee, in charge of Communications, Financial Communications and Public Affairs.

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Address: 22, rue du Docteur Lancereaux, 75008 PARIS

Website: www.gdfsuez.com

The GDF SUEZ Reference Document has been translated into English, Spanish and Dutch.

In addition to this Reference Document filed with the AMF, GDF SUEZ publishes an illustrated Progress and Sustainable Development Report at the time of the General Shareholders' Meeting of GDF SUEZ.

FINANCIAL REPORTING SCHEDULE

Presentation of annual earnings for 2009	March 4, 2010
Annual Shareholders' Meeting	May 3, 2010
Presentation of the 2010 half year results	August 10, 2010

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11.1 STATUTORY AUDITORS

11.1.1 STATUTORY AUDITORS

Mazars

Represented by Philippe Castagnac and Thierry Blanchetier

Tour Exaltis, 61, Rue Henri Regnault, 92075 Paris la Defense Cedex

Mazars has been a Statutory Auditor for the Company since January 1, 2002. Its term of office was renewed at the Combined Shareholders'Meeting of May 19, 2008 for a period of six years and will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

Ernst & Young and Others

Represented by Christian Mouillon and Charles-Emmanuel Chosson

41, Rue Ybry, 92576 Neuilly-sur-Seine Cedex

Ernst & Young et Autres has been a Statutory Auditor for the Company since January 1, 2002. Its term of office was renewed at the Combined Shareholders' Meeting of May 19, 2008 for a period of six years and will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

Deloitte & Associés

Represented by Jean-Paul Picard and Pascal Pincemin

185, Avenue Charles-de-Gaulle, BP 136, 92203 Neuilly-sur-Seine

Deloitte & Associés was appointed Statutory Auditor for the Company for the first time at the Combined Shareholders' Meeting of July 16, 2008 for a six-year term that will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

11.1.2 ALTERNATE STATUTORY AUDITORS

CBA

61, Rue Henri Regnault, 92400 Paris la Defense Cedex

CBA was appointed alternate Statutory Auditor for the Company for the first time at the Combined Shareholders' Meeting of May 19, 2008 for a six-year term that will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

AUDITEX

Tour Ernst & Young, Faubourg de l'Arche, 92037 Paris La Defense

Auditex has been a alternate Statutory Auditor for the Company since January 1, 2002. Its term of office was renewed at the Combined Shareholders' Meeting of May 19, 2008 for a six-year term that will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

BEAS

7-9, Villa Houssay, 92524 Neuilly-sur-Seine

BEAS was appointed alternate Statutory Auditor for the Company for the first time at the Combined Shareholders' Meeting of July 16, 2008 for a six-year term that will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

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11.2.1 CONSOLIDATED FINANCIAL STATEMENT

Statement of financial position

Assets

In millions of euros	Notes	Dec. 31, 2009	Dec. 31, 2008
Non-current assets			
Intangible assets, net	*10*	11,419.9	10,691.6
Goodwill	*9*	27,989.0	27,510.1
Property, plant and equipment, net	*11*	69,664.9	63,482.1
Available-for-sale securities	*14*	3,562.9	3,309.0
Loans and receivables at amortized cost	*14*	2,426.2	2,303.5
Derivative instruments	*14*	1,926.7	2,893.4
Investments in associates	*12*	2,175.6	3,104.3
Other assets	*14*	1,695.8	1,271.8
Deferred tax assets	*7*	1,418.8	618.4
TOTAL NON-CURRENT ASSETS		**122,279.8**	**115,184.3**
Current assets			
Loans and receivables at amortized cost	*14*	947.1	1,346.4
Derivative instruments	*14*	7,404.9	9,439.9
Trade and other receivables, net	*14*	19,748.5	22,729.3
Inventories		3,946.9	4,208.9
Other assets	*14*	5,094.4	4,481.0
Financial assets at fair value through income	*14*	1,680.0	768.9
Cash and cash equivalents	*14*	10,323.8	9,049.3
TOTAL CURRENT ASSETS		**49,145.4**	**52,023.7**
TOTAL ASSETS		171,425.2	167,208.0

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Liabilities

In millions of euros	Notes	Dec. 31, 2009	Dec. 31, 2008
Shareholders' equity		60,285.2	57,747.7
Minority interests		5,241.5	5,070.6
TOTAL EQUITY	*16*	**65,526.6**	**62,818.3**
Non-current liabilities			
Provisions	*17*	12,789.9	12,607.0
Borrowings and debt	*14*	32,154.8	24,200.4
Derivative instruments	*14*	1,791.9	2,889.6
Other financial liabilities	*14*	911.4	859.1
Other non-current liabilities		2,489.0	1,277.7
Deferred tax liabilities	*7*	11,856.3	10,546.4
TOTAL NON-CURRENT LIABILITIES		**61,993.3**	**52,380.1**
Current liabilities			
Provisions	*17*	1,262.7	2,185.7
Borrowings and debt	*14*	10,117.4	14,641.0
Derivative instruments	*14*	7,169.6	9,472.4
Trade and other payables	*14*	16,594.4	17,914.7
Other current liabilities		8,761.3	7,795.8
TOTAL CURRENT LIABILITIES		**43,905.4**	**52,009.6**
TOTAL EQUITY AND LIABILITIES		**171,425.2**	**167,208.0**

NB: Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals and changes.

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Income statements

In millions of euros	Notes	Dec. 31, 2009	Dec. 31, 2008
Revenues		79,908.3	67,923.8
Purchases		(41,303.2)	(35,879.0)
Personnel costs		(11,364.9)	(9,679.0)
Depreciation, amortization and provisions		(5,183.1)	(3,713.5)
Other operating income and expenses, net		(13,709.7)	(12,428.8)
CURRENT OPERATING INCOME	*4*	**8,347.4**	**6,223.6**
Mark-to-market on commodity contracts other than trading instruments		(323.1)	563.6
Impairment of property, plant and equipment, intangible assets and financial assets		(472.2)	(811.8)
Restructuring costs		(178.6)	(254.2)
Disposals of assets and other		800.9	1,957.7
INCOME FROM OPERATING ACTIVITIES	*5*	**8,174.4**	**7,678.8**
Financial expenses		(2,476.6)	(2,320.8)
Financial income		849.0	826.6
NET FINANCIAL LOSS	*6*	**(1,627.6)**	**(1,494.1)**
Income tax expense	*7*	(1,719.3)	(911.9)
Share in net income of associates	*12*	402.9	318.3
NET INCOME		**5,230.5**	**5,591.2**
Net income Group share		**4,477.3**	**4,857.1**
Minority interests		753.1	734.0
Earnings per share *(euros)*	*8*	**2.05**	**2.97**
Diluted earnings per share *(euros)*	*8*	2.03	2.94

Data relating to 2008 include the former SUEZ entities, and the contribution of the former Gaz de France entities as of July 22, 2008.

Earnings per share data relating to December 31, 2008 have been adjusted to reflect the impact of the stock dividend paid during first-half 2009.

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Statements of comprehensive income

In millions of euros	Notes	Dec. 31, 2009	Dec. 31, 2008
NET INCOME		**5,230.5**	**5,591.4**
Available-for-sale financial assets	*14*	(23.4)	(684.4)
Net investment hedges		48.2	78.8
Cash flow hedges (excl. commodity instruments)	*15*	108.1	(329.5)
Commodity cash flow hedges	*15*	924.9	(1,472.9)
Actuarial gains and losses		168.1	(570.9)
Translation adjustments		497.6	(922.0)
Deferred taxes	*7*	(376.9)	826.1
Share in other comprehensive income (expense) of associates		69.5	(159.4)
Other comprehensive income (expense)		**1,416.0**	**(3,234.2)**
TOTAL COMPREHENSIVE INCOME		**6,646.4**	**2,357.2**
Group share		5,704.9	2,130.2
Minority interests		941.4	227.0

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Statements of changes in equity*

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Fair value adjust-ments and other adjustments	Cumulative translation	Treasury stock	Shareholders' equity	Minority interests	Total equity
Equity at December 31, 2007	**1,307,043,522**	**2,614.1**	**12,302.0**	**6,968.1**	**82.8**	**1,584.5**	**(144.1)**	**(1,214.7)**	**22,192.8**	**2,668.1**	**24,860.9**
Net income				4,857.4					4,857.4	734.0	5,591.4
Other comprehensive income (expense)					(503.0)	(1,695.0)	(529.2)		(2,727.2)	(507.0)	(3,234.2)
Total comprehensive income				**4,857.4**	**(503.0)**	**(1,695.0)**	**(529.2)**		**2,130.2**	**227.0**	**2,357.2**
Employee share issues and share-based payment	4,009,571	5.9	77.4	169.0					252.3		252.3
Dividends paid				(3,442.8)					(3,442.8)	(466.7)	(3,909.5)
Net acquisitions of treasury stock				31.1				(720.0)	(688.9)	4.0	(684.9)
Gaz de France acquisition	1,207,660,692	1,207.7	16,878.9	21,731.2					39,817.8	620.0	40,437.8
Conversion into GDF SUEZ shares	(325,069,965)	(1,634.1)		1,440.7				193.4	0,0		0,0
Other impacts related to GDF acquisition				(274.0)					(274.0)		(274.0)
SUEZ Environnement Company spin-off				(2,289.0)					(2,289.0)	2,289.0	0,0
Impact of Distrigas & Fluxys Remedies										(849.0)	(849.0)
Other changes				49.3					49.3	578.2	627.5
Equity at December 31, 2008	**2,193,643,820**	**2,193.6**	**29,258.3**	**29,241.0**	**(420.2)**	**(110.5)**	**(673.3)**	**(1,741.3)**	**57,747.7**	**5,070.6**	**62,818.3**

* *See note 16, "Equity".*

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Fair value adjust-ments and other adjustments	Cumulative translation	Treasury stock	Shareholders' equity	Minority interests	Total equity
Equity at December 31, 2008	**2,193,643,820**	**2,193.6**	**29,258.3**	**29,241.0**	**(420.2)**	**(110.5)**	**(673.3)**	**(1,741.3)**	**57,747.7**	**5,070.6**	**62,818.3**
Net income				4,477.2					4,477.2	753.1	5,230.4
Other comprehensive income (expense)					150.9	718.5	358.3		1,227.7	188.3	1,416.0
Total comprehensive income				**4,477.2**	**150.9**	**718.5**	**358.3**		**5,704.9**	**941.4**	**6,646.4**
Employee share issues and share-based payment	1,934,429	1.9	30.2	206.4					238.5		238.5
Stock dividends	65,398,018	65.4	1,311.2	(1,376.6)					(0.0)		(0.0)
Cash dividends				(3,400.8)					(3,400.8)	(627.2)	(4,028.0)
Net acquisitions of treasury stock				(97.3)				97.3	(0.1)		(0.1)
Other changes			(10.1)	5.0		39.8	(39.8)		(5.1)	(143.4)	(148.5)
Equity at December 31, 2009	**2,260,976,267**	**2,261.0**	**30,589.6**	**29,054.9**	**(269.3)**	**647.8**	**(354.8)**	**(1,644.1)**	**60,285.2**	**5,241.5**	**65,526.5**

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Statements of cash flows

In millions of euros	Notes	Dec. 31, 2009	Dec. 31, 2008
Net income		**5,230.5**	**5,591.2**
- Share in net income of associates		(402.9)	(318.3)
+ Dividends received from associates		376.2	358.1
- Net depreciation, amortization and provisions		4,726.2	3,986.0
- Net capital gains on disposals (incl. reversals of provisions)		(800.9)	(1,957.7)
- Mark-to-market on commodity contracts other than trading instruments		323.1	(563.6)
- Other items with no cash impact		216.8	184.4
- Income tax expense		1,719.3	911.9
- Net financial loss		1,627.6	1,494.1
Cash generated from operations before income tax and working capital requirements		**13,015.8**	**9,686.1**
+ Tax paid	23	(1,376.6)	(1,806.3)
Change in working capital requirements		**1,988.5**	**(3,486.6)**
CASH FLOW FROM OPERATING ACTIVITIES		**13,627.7**	**4,393.1**
Acquisitions of property, plant and equipment and intangible assets		(9,646.0)	(9,125.0)
Acquisitions of entities net of cash and cash equivalents acquired		(948.3)	(723.2)
Acquisitions of available-for-sale securities		(902.5)	(517.5)
Disposals of property, plant and equipment and intangible assets		335.8	127.6
Disposals of entities net of cash and cash equivalents sold		1,345.7	2,538.1
Disposals of available-for-sale securities		684.7	110.3
Interest received on non-current financial assets	23	79.7	129.9
Dividends received on non-current financial assets	23	234.6	219.6
Change in loans and receivables originated by the Group and other		447.4	(107.7)
CASH FLOW USED IN INVESTING ACTIVITIES		**(8,368.7)**	**(7,347.9)**
Dividends paid		(4,028.0)	(3,900.4)
Repayment of borrowings and debt		(12,896.8)	(5,101.0)
Change in financial assets at fair value through income	23	(993.2)	517.8
Interest paid	23	(1,293.4)	(1,482.6)
Interest received on cash and cash equivalents	23	148.9	260.7
Increase in borrowings and debt		14,886.8	15,666.5
Increase in capital		84.5	246.7
Treasury stock movements		0.0	(679.9)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(4,091.1)**	**5,527.9**
Effect of changes in consolidation method, exchange rates and other		106.5	(248.4)
TOTAL CASH FLOW FOR THE PERIOD		**1,274.5**	**2,324.7**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**9,049.3**	**6,720.2**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**10,323.8**	**9,049.3**

Data relating to 2008 include the former SUEZ entities, and the contribution of the former Gaz de France entities as of July 22, 2008.

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11.2.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GDF SUEZ SA, the parent company of the GDF SUEZ Group, is a French *société anonyme* with a Board of Directors that is subject to the provisions of Book II of the French Commercial Code (*Code de Commerce*), as well as all other provisions of French law applicable to commercial companies. GDF SUEZ was incorporated on November 20, 2004 for a period of 99 years.

It is governed by current and future laws and by regulations applicable to *sociétés anonymes* and its bylaws.

The Group is headquartered at 22 rue du docteur Lancereaux, 75008 Paris (France).

GDF SUEZ shares are listed on the Paris, Brussels and Luxembourg stock exchanges. On July 30th, 2009, GDF SUEZ announced its delisting from the US stock exchange, which became effective at the end of October as the SEC did not raise any objection.

GDF SUEZ is one of the world's leading energy providers, active across the entire energy value chain – upstream and downstream – in both electricity and natural gas. It develops its businesses (energy, energy services and environment) around a responsible growth model in order to meet the challenges of responding to energy needs, safeguarding supplies, combating climate change and optimizing the use of resources.

On March 3, 2010, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2009.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

On July 16, 2008, the Ordinary and Extraordinary Shareholders' Meeting of Gaz de France approved its merger with SUEZ. On the same date, the Ordinary and Extraordinary Shareholders' Meeting of SUEZ approved its merger with Gaz de France, the stock market listing of SUEZ Environnement and the distribution by SUEZ to its shareholders of 65% of the shares of SUEZ Environnement. The merger of SUEZ into Gaz de France SA, which became effective on July 22, 2008, was accounted for at that date as the acquisition of Gaz de France by SUEZ. The financial statements as of December 31, 2008 were the first ones to include these transactions. Therefore nor the income statement for 2008, the statement of comprehensive income for 2008 or the statement of cash flows for 2008 are comparable with the income statement for 2009, the statement of comprehensive income for 2009 or with the statement of cash flows for 2009 as the income statement, the statement of comprehensive income and the statement of cash flows for the first half year of 2008 do include the historical data of SUEZ standalone.

Pursuant to European Regulation (EC) 809/2004 on prospectus dated April 29, 2004, financial information concerning the assets, liabilities, financial position, and profit and loss of GDF SUEZ has been provided for the last two reporting periods (ended December 31, 2008 and 2009). These informations were prepared in accordance with European Regulation (EC) 1606/2002 on international accounting standards (IFRS) dated July 19, 2002. The Group's consolidated financial statements for the year ended December 31, 2009 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by European Union[1].

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2009 are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2008, except for those described in section 1.1.1 below.

1.1.1 IFRS standards, amendments and IFRIC interpretations applicable to the 2009 annual financial statements

- Amendments to IFRIC 9 and IAS 39 – Reassessment of embedded derivatives;
- Amendments to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, jointly controlled entity or associate;
- Amendment to IFRS 2 – Vesting Conditions and Cancellations;
- Amendments to IAS 32 and IAS 1 – Puttable Instruments and Obligations Arising on Liquidation;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 15 – Agreements for the Construction of Real Estate[2];
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation[2];
- IFRIC 18 – Transfers of assets from customers[2];
- 2008 Improvements to IFRS[3].

(1) Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/.
(2) Endorsed by European Union in 2009 but with an application date postponed to 2010.
(3) Except the amendment to IFRS 5 applicable to annual periods beginning on or after July 1, 2009.

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These amendments and interpretations above have no material impact on the Group's consolidated financial statements:

- Amendment to IFRS 7 – Improving disclosures about financial instruments

  This amendment requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of imput using a new three level fair value hierarchy, by class, depending if the financial instrument is quoted on an active market (level 1), if inputs for fair value measurement are observable (level 2) or if imputs are not based on observable market data (level 3). The amendment also clarifies the requirement for liquidity risk disclosures with respect to derivatives and assets used for liquidity risk management. The fair value measurement informations by class of financial instruments and the liquidity risk disclosures are presented in Note 15.

- IAS 1 – Presentation of financial statements (revised 2007)

  The revised standard introduces in particular the statement of comprehensive income which presents all items of recognized income and expense in the period, either in one single statement, or in two statements: the income statement, displaying components of profit or loss and the statement of comprehensive income, displaying components of other comprehensive income. The Group has elected to present two statements.

  The Group decided to early apply IFRS 8 in 2008 and IFRIC 12 in 2006. Whereas, IAS 23 revised, applicable in 2009, has no impact on the financial statements as the Group has always applied the allowed alternative treatment whereby borrowing costs attributable to the construction of a qualifying assets are capitalized in the cost of that asset.

1.1.2 IFRS standards and IFRIC interpretations effective after 2009 that the Group has elected not to early adopt in 2009

- IFRS 9 – Financial instruments: classification and measurement;
- IFRS 3 revised – Business combinations;
- Amendment to IAS 32 – Classification on rights issues;
- Amendments to IAS 39 – Eligible hedged items;
- IAS 24 revised – Related party disclosures;
- IAS 27 revised – Consolidated and separate financial statements;
- IFRIC 17 – Distributions of non-cash assets to owners;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- Amendment to IFRIC 14 – Prepayments of a minimum funding requirement;
- 2009 Improvements to IFRS;
- Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions.

The impact resulting from the application of these standards and interpretations is currently being assessed.

1.1.3 Reminder of IFRS 1 transition options

The Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an effect on the consolidated financial statements are:

- translation adjustments: the Group elected to reclassify cumulative translation adjustments within consolidated equity at January 1, 2004;
- business combinations: the Group elected not to restate business combinations that took place prior to January 1, 2004 in accordance with IFRS 3.

1.2 Measurement basis

The consolidated financial statements have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IAS 39.

1.3 Use of judgments and estimates

The crisis which has been raging across financial markets over the last 2 years has prompted the Group to step up its risk oversight procedures and include an assessment of risk – particularly counterparty risk – in pricing its financial instruments. The Group's estimates, business plans and discount rates used for impairment tests and for calculating provisions take into account the crisis conditions and the resulting extreme market volatility.

1.3.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the statement of financial position date, and revenues and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The main estimates used in preparing the Group's consolidated financial statements relate chiefly to:

- measurement of the fair value of Gaz de France assets and liabilities within the scope of the business combination. Fair value is calculated based on analyses carried out by an independent appraiser;

- measurement of the recoverable amount of property, plant and equipment and intangible assets (see section 1.4.4 and 1.4.5);
- measurement of provisions, particularly for nuclear waste processing and storage, dismantling obligations, disputes, pensions and other employee benefits (see section 1.4.15);
- financial instruments (see section 1.4.11);
- un-metered revenues;
- measurement of tax loss carry-forwards assets.

1.3.1.1 Measurement of the fair value of Gaz de France assets acquired and liabilities assumed

The key assumptions used to measure the fair value of the Gaz de France assets acquired and liabilities assumed notably include values assigned to the regulated asset base for regulated activities, estimated future oil and gas prices, changes in the euro/dollar exchange rate, the market outlook for the measurement of future cash flows, and the applicable discount rate.

These assumptions reflect Management's best estimates.

1.3.1.2 Recoverable amount of property, plant and equipment and intangible assets

The recoverable amount of goodwill, intangible assets and property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the assets. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment expenses already booked.

1.3.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to nuclear power generation sites, include the timing of expenditure and the discount rate applied to cash flows, as well as the actual level of expenditure. These parameters are based on information and estimates deemed to be appropriate by the Group at the current time.

To the Group's best knowledge, there is no information suggesting that the parameters used taken as a whole are not appropriate. Further, the Group is not aware of any developments that are likely to have a material impact on the provisions booked.

1.3.1.4 Pensions and other employee benefit obligations

Pension commitments and other employee benefit obligations are measured on the basis of actuarial assumptions. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

1.3.1.5 Financial instruments

To determine the fair value of financial instruments that are not listed on an active market, the Group uses valuation techniques that are based on certain assumptions. Any change in these assumptions could have a material impact on the resulting calculations.

1.3.1.6 Revenues

Revenues generated from types of customers whose energy consumption is metered during the accounting period, particularly customers supplied with low-voltage electricity or low-pressure gas, are estimated at the statement of financial position date based on historical data, consumption statistics and estimated selling prices. Network sales have become more difficult to calculate since the deregulation of the Belgian energy market in view of the larger number of grid operators. The Group is allocated a certain volume of energy transiting through the networks by the grid managers. The final allocations are often only known several months down the line, which means that revenue figures are only an estimate. However, the Group has developed measuring and modeling tools allowing it to estimate revenues with a satisfactory degree of accuracy and subsequently ensure that risks of error associated with estimating quantities sold and the resulting revenues can be considered as not material. In France, delivered unbilled natural gas ("gas in the meter") is calculated using a method factoring in average energy sale prices and historical consumption data. The average price used takes account of the category of customer and the age of the delivered unbilled "gas in the meter". These estimates fluctuate according to the assumptions used to determine the portion of unbilled revenues at year-end.

1.3.1.7 Measurement of tax loss carry-forward assets

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan.

1.3.2 Judgments

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions when the effective IFRS standards and interpretations do not specifically deal with related accounting issues.

In particular, the Group exercised its judgment in determining the classification of certain Gaz de France assets and liabilities resulting from the business combination, the allocation of the goodwill resulting from the merger with Gaz de France to cash generating units (CGUs), the accounting treatment applicable to concession contracts, the classification of arrangements which contain a lease, the recognition of acquisitions of minority interests, and the

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identification of commodity purchase and sale "own use" contracts as defined by IAS 39.

In accordance with IAS 1, the Group's current and non-current assets and liabilities are shown separately on the consolidated statement of financial position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the statement of financial position date are classified as current, while all other items are classified as non-current.

1.4 Significant accounting policies

1.4.1 Scope and methods of consolidation

The consolidation methods used by the Group consist of the full consolidation method, the proportionate consolidation method and the equity method:

- subsidiaries (companies over which the Group exercises exclusive control) are fully consolidated;
- companies over which the Group exercises joint control are consolidated by the proportionate method, based on the Group's percentage interest;
- the equity method is used for all associate companies over which the Group exercises significant influence. In accordance with this method, the Group recognizes its proportionate share of the investee's net income or loss on a separate line of the consolidated income statement under "Share in net income of associates".

The Group analyzes what type of control exists on a case-by-case basis, taking into account the situations illustrated in IAS 27, 28 and 31.

The special purpose entities set up in connection with the Group's securitization programs that are controlled by the Group are consolidated in accordance with the provisions of IAS 27 concerning consolidated financial statements and the related interpretation SIC 12 concerning the consolidation of special purpose entities.

All intra-group balances and transactions are eliminated on consolidation.

A list of the main fully and proportionately consolidated companies, together with investments accounted for by the equity method, is presented in the notes to the consolidated financial statements.

1.4.2 Foreign currency translation methods

1.4.2.1 Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in euros (€), which is its functional currency.

1.4.2.2 Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates, which in most cases corresponds to local currency. However, certain entities may have a functional currency different from local currency when that other currency is used for an entity's main transactions and better reflects its economic environment.

1.4.2.3 Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At each statement of financial position date:

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the consolidated statement of income for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

1.4.2.4 Translation of the financial statements of subsidiaries with a functional currency other than the euro (the presentation currency)

The statement of financial position of these subsidiaries are translated into euros at the official year-end exchange rates. Income statement and cash flow statement items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of these subsidiaries are recorded under "Cumulative translation differences" as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are classified as assets and liabilities of those foreign entities and are therefore denominated in the functional currencies of the entities and translated at the year-end exchange rate.

Translation differences previously recorded as other comprehensive income are taken to the consolidated income statement on the disposal of a foreign entity.

1.4.3 Business combinations

For business combinations carried out since January 1, 2004, the Group applies the purchase method as defined in IFRS 3, which consists in recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

The Group may recognize any adjustments to provisional values as a result of completing the initial accounting of a business combination within 12 months of the acquisition date.

1.4.4 Intangible assets

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

1.4.4.1 Goodwill

Recognition of goodwill

Goodwill represents the excess of the cost of a business combination (acquisition price of shares plus any costs directly attributable to the business combination) over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognized at the acquisition date (except if the business combination is achieved in stages).

For a business combination achieved in stages – i.e., where the Group acquires a subsidiary through successive share purchases – the amount of goodwill is determined for each exchange transaction separately based on the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of each exchange transaction. Any difference arising from the application of these fair values to the Group's existing interest and to minority interests is a revaluation and is therefore recognized in equity.

In the absence of specific IFRS guidance addressing acquisitions of minority interests, the Group continues not to recognize any additional fair value adjustments to identifiable assets and liabilities when it acquires additional shares in a subsidiary that is already fully consolidated. In such a case, the additional goodwill corresponds to the excess of the acquisition price of the additional shares purchased over the Group's additional interest in the net assets of the company concerned.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of the business combination, the excess is recognized immediately in the consolidated income statement.

Goodwill relating to associate companies is recorded under "Investments in associates".

Measurement of goodwill

Goodwill is not amortized but tested for impairment each year, or more frequently where an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs) or groups of CGUs which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units.

The methods used to carry out these impairment tests are described in section 1.4.8 "Recoverable amount of property, plant and equipment and intangible assets".

Impairment losses in relation to goodwill cannot be reversed and are shown under "Impairment" in the consolidated income statement.

Impairment losses on goodwill relating to associate companies are reported under "Share in net income of associates".

1.4.4.2 Other intangible assets

Development costs

Research costs are expensed as incurred.

Development costs are capitalized when the asset recognition criteria set out in IAS 38 are met. Capitalized development costs are amortized over the useful life of the intangible asset recognized. In view of the Group's activities, capitalized development costs are not material.

Other internally-generated or acquired intangible assets

Other intangible assets include mainly:

- amounts paid or payable as consideration for rights relating to concession contracts or public service contracts;
- customer portfolios acquired on business combinations;
- power station capacity rights: the Group helped finance the construction of certain nuclear power stations operated by third parties and in consideration received the right to purchase a share of the production over the useful life of the assets. These rights are amortized over the useful life of the underlying assets, not to exceed 40 years;
- surface and underground water drawing rights, which are not amortized as they are granted indefinitely;
- concession assets;
- the GDF Gaz de France brand and gas supply contracts acquired as part of the business combination with Gaz de France in 2008.

Intangible assets are amortized on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the asset. When the pattern cannot be determined reliably the straight-line method is used, based on the following useful lives (in years).

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	Useful life	
	Minimum	Maximum
Concession rights	10	65
Customer portfolios	10	40
Other intangible assets	1	40

Some intangible assets with an indefinite useful life such as trademarks and water drawing rights are not amortized.

1.4.5 Property, plant and equipment

1.4.5.1 Initial recognition and subsequent measurement

Items of property, plant and equipment are recognized at historical cost less any accumulated depreciation and any accumulated impairment losses.

The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

Investment subsidies are deducted from the gross value of the assets concerned.

In accordance with IAS 16, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to dismantle the item or restore the site. A corresponding provision for this obligation is recorded for the amount of the asset component.

Property, plant and equipment acquired under finance leases is carried in the consolidated statement of financial position at the lower of market value and the present value of the related minimum lease payments. The corresponding liability is recognized under borrowings. These assets are depreciated using the same methods and useful lives as set out below.

The Group applies IAS 23 as amended, whereby borrowing costs that are directly attributable to the construction of the qualifying asset are capitalized as part of the cost of that asset.

Cushion gas

"Cushion" gas injected into underground storage facilities is essential for ensuring that reservoirs can be operated effectively, and is therefore inseparable from these reservoirs. Unlike "working" gas which is included in inventories, cushion gas is reported in property, plant and equipment. It is measured at average purchase price regardless of its source, plus regasification, transportation and injection costs.

1.4.5.2 Depreciation

In accordance with the components approach, each significant component of an item of property, plant and equipment with a different useful life from that of the main asset to which it relates is depreciated separately over its own useful life.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Main depreciation periods (years)	Minimum	Maximum
Plant and equipment		
• Energy		
Storage - Production - Transport - Distribution	5	60
Installation - Maintenance	3	10
Hydraulic plants and equipments	20	65
• Environment	2	70
Other property, plant and equipment	2	33

The range of useful lives is due to the diversity of the assets in each category. The minimum periods relate to smaller equipment and furniture, while the maximum periods concern network infrastructures and storage facilities. In accordance with the law of January 31, 2003 adopted by the Belgian Chamber of Representatives with respect to the gradual phase-out of nuclear energy for the industrial production of electricity, the useful lives of nuclear power stations were reviewed and adjusted prospectively to 40 years as from 2003.

Fixtures and fittings relating to the hydro plant operated by the Group are depreciated over the shorter of the contract term and useful life of the assets, taking into account the renewal of the concession period if such renewal is considered to be reasonably certain.

Cushion gas is depreciated on a straight-line basis over a period of 60 years.

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1.4.6 Assets relating to the exploration and production of mineral resources

The Group applies IFRS 6 – Exploration for and Evaluation of Mineral Resources.

Geological and geophysical studies are expensed in the year in which they are incurred.

Exploration costs (other than geological and geophysical studies) are temporarily capitalized in "pre-capitalized exploration costs" before the confirmation of the technical feasibility and commercial viability of extracting resources. These exploration drilling costs are temporarily capitalized when the following two conditions are met:

- there has been sufficient reserves found to justify completion as a producing well if the required capital expenditure is made;
- the Group has made significant progress in determining that reserves exist and that the project is technically viable. This progress is assessed based on criteria such as whether the any additional exploratory work (drilling, seismic studies or other significant surveys) is underway or firmly planned for the near future. Progress is also assessed based on any expenses incurred in conducting development studies and on the fact that the Group may be required to wait for the relevant government or third party authorizations for the project, or for available transport capacity or treatment capacity at existing facilities.

In accordance with this method labelled "successful efforts" method, when the exploratory phase has resulted in proved, commercially viable reserves, the related costs are reported in property, plant and equipment and depreciated over the period during which the reserves are extracted. Otherwise, the costs are expensed as incurred.

Depreciation begins when the oil field is brought into production.

Production assets including site rehabilitation costs are depreciated using the unit of production method (UOP) in proportion to the depletion of the oil field, and based on proven developed reserves.

1.4.7 Concession Arrangements

SIC 29, Disclosure – Service Concession Arrangements was published in May 2001 and prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and a concession operator.

Treatment of concessions under IFRIC 12

On November 30, 2006, the IFRIC published IFRIC 12 – Service Concession Arrangements, which deals with the accounting treatment to be applied by the concession operator in respect of certain concession arrangements.

These interpretations set out the common features of concession arrangements:

- concession arrangements involve the provision of a public service and the management of associated infrastructure, together with specific capital renewal and replacement obligations;
- the grantor is contractually obliged to offer these services to the public (this criterion must be met for the arrangement to qualify as a concession);
- the operator is responsible for at least some of the management of the infrastructure and does not merely act as an agent on behalf of the grantor;
- the contract sets the initial prices to be levied by the operator and regulates price revisions over the concession period.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is met when:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the infrastructure, i.e., retains the right to take back the infrastructure at the end of the concession.

Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on the party responsible for payment; accordingly:

- the "intangible asset" model is applied when the concession operator has the right to charge for use of the public sector asset, and when users have primary responsibility to pay the operator for the services;
- and the "financial asset" model is applied when the concession operator has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of a guarantee provided by the grantor for amounts receivable from users of the public sector asset (for example, via a contractually guaranteed internal rate of return), or in other words, when the grantor is primarily responsible for payment.

"Primary responsibility" signifies that while the identity of the payer of the services is not an essential criterion, the person ultimately responsible for payment should be identified.

In cases where the local authority pays the Group but merely acts as an intermediary fee collector and does not guarantee the amounts receivable ("pass through arrangement"), the intangible asset model should be used to account for the concession since the users are, in substance, primarily responsible for payment.

However, where the users pay the Group, but the local authority guarantees the amounts that will be paid over the term of the contract (e.g., via a guaranteed internal rate of return), the financial asset model should be used to account for the concession infrastructure, since the local authority is, in substance, primarily responsible for payment. In practice, the financial asset model is mainly used to account for BOT (Build, Operate and Transfer) contracts entered into with local authorities for public services such as wastewater treatment and household waste incineration.

Pursuant to these principles:

- infrastructure to which the operator is given access by the grantor of the concession at no consideration is not recognized in the consolidated statement of financial position;

- start-up capital expenditure is recognized as follows:
  - under the intangible asset model, the fair value of construction and other work on the infrastructure represents the cost of the intangible asset and should be recognized when the infrastructure is built provided that this work is expected to generate future economic benefits (e.g., the case of work carried out to extend the network). Where no such economic benefits are expected, the present value of commitments in respect of construction and other work on the infrastructure is recognized from the outset, with a corresponding adjustment to concession liabilities,
  - under the financial asset model, the amount receivable from the grantor is recognized at the time the infrastructure is built, at the fair value of the construction and other work carried out,
  - when the grantor has a payment obligation for only part of the investment, the cost is recognized in financial assets for the amount guaranteed by the grantor, with the balance included in intangible assets ("mixed model").

Renewal costs consist of obligations under concession arrangements with potentially different terms and conditions (obligation to restore the site, renewal plan, tracking account, etc.).

Renewal costs are recognized as either (i) intangible or financial assets depending on the applicable model when the costs are expected to generate future economic benefits (i.e., they bring about an improvement); or (ii) expenses, where no such benefits are expected to be generated (i.e., the infrastructure is restored to its original condition).

Costs incurred to restore the asset to its original condition are recognized as a renewal asset or liability when there is a timing difference between the contractual obligation calculated on a time proportion basis, and its realization.

The costs are calculated on a case-by-case basis based on the obligations associated with each arrangement.

Other concessions

Concession infrastructures that does not meet the requirements of IFRIC 12 are presented as property, plant and equipment.

This is the case of the distribution of gas in France. The related assets are recognized in accordance with IAS 16, since GrDF operates its network under long-term concession arrangements which are, for most of them, renewed upon expiry pursuant to French law no. 46-628 of April 8, 1946.

1.4.8 Impairment of property, plant and equipment and intangible assets

In accordance with IAS 36, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortized are tested for impairment annually.

Impairment indicators

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when economic performance is worse than expected.

The main impairment indicators used by the Group are described below.

- external sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which an asset is dedicated,
  - fall in demand,
  - changes in energy prices and US dollar exchange rates,
  - carrying amount of an asset exceeding its regulated asset base;
- internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule,
  - worse-than-expected performance,
  - fall in resources for Exploration & Production activities.

Impairment

Items of property, plant and equipment and intangible assets are tested for impairment at the level of the individual asset or cash-generating unit (CGU) as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is written down to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount – and possibly the useful life – of the assets concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are grouped, where appropriate, into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of an asset corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value.

Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related carrying amount of the assets concerned is written down to estimated market value less costs of disposal. Where negotiations are ongoing, this value is determined based on the best estimate of their outcome as of the statement of financial position date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under "Impairment".

1.4.9 Leases

The Group holds assets for its various activities under lease contracts.

These leases are analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.

The following main factors are considered by the Group to assess if a lease transfers substantially all the risks and rewards incidental to ownership: whether (i) the lessor transfers ownership of the asset to the lessee by the end of the lease term; (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option; (iii) the lease term is for the major part of the economic life of the asset; (iv) the asset is of a highly specialized nature; and (v) the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

1.4.9.1 Accounting for finance leases

On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

1.4.9.2 Accounting for operating leases

Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

1.4.9.3 Accounting for arrangements that contain a lease

IFRIC 4 deals with the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases. In the latter case, a finance receivable should be recognized to reflect the financing deemed to be granted by the Group where it is considered as acting as lessor and its customers as lessees.

The Group is concerned by this interpretation mainly with respect to:

- some energy purchase and sale contracts, particularly where the contract conveys to the purchaser of the energy an exclusive right to use a production asset;
- certain contracts with industrial customers relating to assets held by the Group.

1.4.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined based on the first-in, first-out method or the weighted average cost formula.

Nuclear fuel purchased is consumed in the process of producing electricity over a number of years. The consumption of this nuclear fuel inventory is recorded based on estimates of the quantity of electricity produced per unit of fuel.

Gas inventories

Gas injected into underground storage facilities includes working gas which can be withdrawn without adversely affecting the operation of the reservoir, and cushion gas which is inseparable from the reservoirs and essential for their operation (see section 1.4.5 concerning property, plant and equipment).

Working gas is classified in inventory and measured at weighted average purchase cost upon entering the transportation network regardless of its source, including any regasification costs.

Group inventory outflows are valued using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories is lower than their weighted average cost.

Greenhouse gas emissions rights

Under European Directive 2003/87/EC establishing a greenhouse gas (GHG) emissions allowance trading scheme within the European Union, several of the Group's industrial sites were granted GHG emission rights free of charge. Under the Directive, each year the sites concerned have to surrender a number of allowances equal to the total emissions from the installations during the previous calendar year. Therefore, the Group may have to purchase emissions allowances on pollution rights markets in order to cover any shortfall in the allowances required for surrender.

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As there are no specific rules under IFRS dealing with the accounting treatment of GHG emissions allowances, the Group decided to apply the following principles:

- emission rights are classified as inventories, as they are consumed in the production process;
- emission rights granted free of charge are recorded in the statement of financial position at a value of nil;
- emission rights purchased on the market are recognized at acquisition cost.

The Group records a liability at year-end in the event that it does not have enough emission rights to cover its GHG emissions during the period. This liability is measured at the market value of the allowances required to meet its obligations at year-end.

1.4.11 Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

1.4.11.1 Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments.

Available-for-sale securities

“Available-for-sale securities” include the Group’s investments in non-consolidated companies and equity or debt instruments that do not satisfy the criteria for classification in another category (see below).

These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost plus transaction costs. Subsequently, available-for-sale securities are measured by using a weighted average cost formula.

At each statement of financial position date, available-for-sale securities are measured at fair value. For listed companies, fair value is determined based on the quoted market price at the statement of financial position date. For unlisted companies, fair value is measured based on standard valuation techniques (reference to similar recent transactions, discounted future cash flows, etc.).

Changes in fair value are recorded directly in other comprehensive income, except when the decline in the value of the investment below its historical acquisition cost is judged significant or prolonged enough to require an impairment if needed. In this case, the loss is recognized in income under “Impairment”. Only impairment losses recognized on debt instruments (debt securities/bonds) may be reversed through income.

Loans and receivables at amortized cost

This item primarily includes loans and advances to associates or non-consolidated companies, and guarantee deposits.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each statement of financial position date, they are measured at amortized cost using the effective interest rate method.

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value.

Impairment losses are recorded based on the estimated risk of non-recovery. This item also includes amounts due from customers under construction contracts.

Financial assets at fair value through income

These financial assets meet the qualification or designation criteria set out in IAS 39.

This item mainly includes trading securities and short-term investments which do not meet the criteria for classification as cash or cash equivalents (see section 1.4.12). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the consolidated income statement.

1.4.11.2 Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments, capital renewal and replacement obligations and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the consolidated statement of financial position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date;
- financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date;
- financial liabilities held primarily for trading purposes;
- derivative financial instruments qualifying as fair value hedges where the underlying is classified as a current item;
- all commodity trading derivatives not qualifying as hedges.

Measurement of borrowings and other financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the consolidated income statement over the life of the borrowings using the amortized cost method.

As regards structured debt instruments that do not have an equity component, the Group may be required to separate an “embedded” derivative instrument from its host contract. The conditions under which these instruments must be separated are detailed below. When an embedded derivative is separated from its host contract, the initial carrying amount of the structured instrument is broken down into an embedded derivative component, corresponding to

the fair value of the embedded derivative, and a financial liability component, corresponding to the difference between the amount of the issue and the fair value of the embedded derivative. The separation of components upon initial recognition does not give rise to any gains or losses.

The debt is subsequently recorded at amortized cost using the effective interest method, while the derivative is measured at fair value, with changes in fair value taken to income.

Put options on minority stakes

Other financial liabilities primarily include put options granted by the Group to minority interests.

As no specific guidance is provided by IFRS, the Group has adopted the following accounting treatment for these commitments:

- when the put option is initially granted, the present value of the exercise price is recognized as a financial liability, with a corresponding reduction in minority interests. When the value of the put option is greater than the carrying amount of the minority interests, the difference is recognized as goodwill;
- at each statement of financial position date, the amount of the financial liability is revised and any changes in the amount are recorded with a corresponding adjustment to goodwill;
- payments of dividends to minority interests result in an increase in goodwill;
- in the consolidated income statement, minority interests are allocated their share in income. In the consolidated statement of financial position, the share in income allocated to minority interests reduces the carrying amount of goodwill. No finance costs are recognized in respect of changes in the fair value of liabilities recognized against goodwill.

In the case of a fixed-price put, the liability corresponds to the present value of the exercise price.

In the case of a fair value or variable-price put, the liability is measured based on estimates of the fair value at the consolidated statement of financial position date or contractual conditions applicable to the exercise price based on the latest available information.

The difference between the amount of the liability and the amount of minority interests is allocated in full to goodwill, with no adjustment to fair value, in line with the method used by the Group to account for acquisitions of minority interests.

1.4.11.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. Use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

Definition and scope of derivative financial instruments

Derivative financial instruments are contracts: (i) whose value changes in response to the change in one or more observable variables; (ii) that do not require any material initial net investment; and (iii) that are settled at a future date.

Derivative instruments therefore include swaps, options, futures and swaptions, as well as forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell non-financial assets that involve physical delivery of the underlying.

For purchases and sales of electricity and natural gas, the Group systematically analyzes whether the contract was entered into in the "normal" course of operations and therefore falls outside the scope of IAS 39. This analysis consists firstly of demonstrating that the contract is entered into and held for the purpose of making or taking physical delivery of the commodity in accordance with the Group's expected purchase, sale or usage requirements.

The second step is to demonstrate that:

- the Group has no practice of settling similar contracts on a net basis. In particular, forward purchases or sales with physical delivery of the underlying that are carried out with the sole purpose of balancing Group energy volumes are not considered by the Group as contracts that are settled net;
- the contract is not negotiated with the aim of realizing financial arbitration;
- the contract is not equivalent to a written option. In particular, in the case of electricity sales allowing the buyer a certain degree of flexibility concerning the volumes delivered, the Group distinguishes between contracts that are equivalent to capacity sales – considered as transactions falling within the scope of ordinary operations – and those that are equivalent to written financial options, which are accounted for as derivative financial instruments.

Only contracts that meet all of the above conditions are considered as falling outside the scope of IAS 39. Adequate specific documentation is compiled to support this analysis.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The main Group contracts that may contain embedded derivatives are contracts with clauses or options affecting the contract price, volume or maturity. This is the case primarily with contracts for the purchase or sale of non-financial assets, whose price is revised based on an index, the exchange rate of a foreign currency or the price of an asset other than the contract's underlying.

Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- the host contract is not a financial instrument measured at fair value through income;
- if separated from the host contract, the embedded derivative fulfills the criteria for classification as a derivative instrument (existence of an underlying, no material initial net investment, settlement at a future date); and
- its characteristics are not closely related to those of the host contract. The analysis of whether or not the characteristics of the derivative are "closely related" to the host contract is made when the contract is signed.

Embedded derivatives that are separated from the host contract are recognized in the consolidated statement of financial position at fair value, with changes in fair value recognized in income (except when the embedded derivative is part of a designated hedging relationship).

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the consolidated statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as:

- a fair value hedge of an asset or liability;
- a cash flow hedge;
- a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability, such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from remeasuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through equity. These two adjustments are presented net in the consolidated income statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group's income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity are reclassified to the consolidated income statement, under the same caption as the loss or gain on the hedged item – i.e., current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains separately recognized in equity until the forecast transaction occurs. However, if a forecast transaction is no longer probable, the cumulative gain or loss on the hedging instrument is recognized in income.

Hedge of a net investment in a foreign operation

In the same way as for a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge of the currency risk is recognized directly in equity, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity are transferred to the consolidated income statement when the investment is sold.

Identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparties are considered as being eligible for hedge accounting.

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated. Hedges are considered to be effective when changes in fair value or cash flows between the hedging instrument and the hedged item are offset within a range of 80%-125%.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in the fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used.

Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income, under "Mark-to-market" or "Mark-to-market on commodity contracts other than trading instruments" in current operating income for derivative instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative instruments used by the Group in connection with proprietary energy trading activities and energy trading on behalf of customers and other derivatives expiring in less than 12 months are recognized in the consolidated statement of financial position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of listed instruments on an active market is determined by reference to the market price. In this case, these instruments are presented in level 1 of the fair value hierarchy.

The fair value of unlisted financial instruments for which there is no active market and for which observable market datas exist is determined based on valuation techniques such as option pricing models or the discounted cash flow method.

Models used to evaluate these instruments take into account assumptions based on market inputs:

- the fair value of interest rate swaps is calculated based on the present value of future cash flows;
- the fair value of forward foreign exchange contracts and currency swaps is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount);
- the fair value of currency and interest rate options is calculated using option pricing models;
- commodity derivatives contracts are valued by reference to listed market prices based on the present value of future cash flows (commodity swaps or commodity forwards) or option pricing models (options), which may factor in market price volatility. Contracts with maturities exceeding the depth of transactions for which prices are observable, or which are particularly complex, may be valued based on internal assumptions;
- exceptionally, for complex contracts negotiated with independent financial institutions, the Group uses the values established by its counterparties.

These instruments are presented in level 2 of fair value hierarchy except when the evaluation is based mainly on datas that are not observable; in that case they are presented in level 3 of fair value hierarchy. Most often, this is the case for derivatives which maturity exceeds the time of observable market datas of the underlying or when some underlying datas are not observable.

1.4.12 Cash and cash equivalents

These items include cash equivalents as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under “Short-term borrowings”.

1.4.13 Treasury shares

Treasury shares are recognized at cost and deducted from equity. Gains and losses on disposals of treasury shares are recorded directly in equity and do not therefore impact income for the period.

1.4.14 Share-based payment

Under IFRS 2, share-based payments made in consideration for services provided are recognized as personnel costs. These services are measured at the fair value of the instruments awarded.

Share-based payments may involve equity-settled or cash-settled instruments.

Equity-settled instruments

1.4.14.1 Stock option plans

Options granted by the Group to its employees are measured at the grant date using a binomial pricing model for options with no performance conditions or using a Monte Carlo pricing model for options with performance conditions. These models take into account the characteristics of the plan concerned (exercise price, exercise period, performance conditions if any), market data at the time of grant (risk-free rate, share price, volatility, expected dividends), and a behavioral assumption in relation to beneficiaries. The value determined is recorded in personnel costs over the vesting period, offset through equity.

1.4.14.2 Shares granted to employees

The fair value of bonus share plans is estimated by reference to the share price at the grant date, taking into account the fact that no dividends are payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that the Group will meet its performance targets. The fair value measurement also takes into account the non-transferability period associated with these instruments. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

1.4.14.3 Employee share purchase plans

The Group’s corporate savings plans enable employees to subscribe to shares at a lower-than-market price. The fair value of instruments awarded under employee share purchase plans is estimated at the grant date based on this discount awarded to employees and non-transferability period applicable to the shares subscribed. The cost of employee share purchase plans is recognized in full and offset against equity.

Cash-settled instruments

In some countries where local legislation prevents the Group from offering employee share purchase plans, the instruments awarded consist of share appreciation rights (SARs). SARs are settled in cash. Their fair value is expensed over the vesting period of the rights, with an offsetting entry recorded in employee-related liabilities.

Changes in the fair value of the liability is taken to income for each period.

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1.4.15 Provisions

1.4.15.1 Provisions for post-employment benefit obligations and other long-term employee benefits

Depending on the laws and practices in force in the countries where GDF SUEZ operates, Group companies have obligations in terms of pensions, early retirement payments, retirement bonuses and other benefit plans. Such obligations generally apply to all of the employees within the companies concerned.

The Group's obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group's obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis using the projected unit credit method. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Provisions are recorded when commitments under these plans less the unrecognized past service cost exceed the fair value of plan assets. Where the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under "Other current assets" or "Other non-current assets".

As regards post-employment benefit obligations, the Group has elected in 2006 to use the option available under IAS 19 and to discontinue the corridor method.

Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are henceforth recognized other comprehensive income. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way.

However, actuarial gains and losses on other long-term benefits such as long-service awards, continue to be recognized immediately in income.

The interest cost in respect of pensions and other employee benefit obligations and the expected return on related plan assets are presented as a financial expense.

1.4.15.2 Other provisions

The Group records a provision where it has a present obligation (legal or constructive), the settlement of which is expected to result in an outflow of resources embodying economic benefits with no corresponding consideration in return.

A provision for restructuring costs is recorded when the general criteria for setting up a provision are met, i.e., when the Group has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The Group's main long-term provisions are provisions for nuclear waste reprocessing and storage, provisions for dismantling facilities and provisions for site restoration costs. The discount rate (or rates) used reflect current market assessments of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long-term provisions are recorded under other financial income and expenses.

A provision is recognized when the Group has a present legal or constructive obligation to dismantle facilities or to restore a site. An asset is recorded simultaneously by including this dismantling obligation in the carrying amount of the facilities concerned. Adjustments to the provision due to subsequent changes in the expected outflow of resources, the dismantling date or the discount rate are deducted from or added to the cost of the corresponding asset in a symmetrical manner. The impacts of unwinding the discount are recognized in expenses for the period.

1.4.16 Revenues

Group revenues (as defined by IAS 18), are mainly generated from the following:

- energy sales;
- rendering of services;
- lease and construction contracts.

Revenues on sales of goods are recognized on delivery, i.e., when the significant risks and rewards of ownership are transferred to the buyer. For services and construction contracts, revenues are recognized using the percentage-of-completion method. In both cases, revenues are recognized solely when the transaction price is fixed or can be reliably determined and the recovery of the amounts due is probable.

Revenues are measured at the fair value of the consideration received or receivable. Where deferred payment has a material impact on the measurement of the fair value of this consideration, this is taken into account by discounting future receipts.

1.4.16.1 Energy sales

These revenues primarily include sales of electricity and gas, transport and distribution fees relating to services such as electricity and gas distribution network maintenance, and heating network sales.

They are recognized when a formal contract is signed with the other party to the transaction.

Part of the price received by the Group under certain long-term energy sales contracts is fixed, rather than being based on volumes. The fixed amount changes over the term of the contract. In accordance with IAS 18, revenues from these contracts are recognized on a straight-line basis because, in substance, the fair value of the services rendered does not vary from one period to the next.

In accordance with IAS 1 and IAS 18, both proprietary energy trading transactions and energy trading carried out on behalf of customers are recorded within "Revenues" after netting off sales and purchases. Under the same principle, when sale contracts are offset by similar purchase contracts, or if the sale contracts are entered into as part of an offset strategy, the contribution of operational energy trading activities (wholesale or arbitrage) relating to assets, aimed at optimizing production assets and fuel purchase/energy sale portfolios, is recognized in revenues based on the net amount.

1.4.16.2 Rendering of services

Environment

Water

Revenues generated by water distribution are recognized based on volumes delivered to customers, either specifically metered and invoiced or estimated based on the output of the supply networks.

For sanitation services and wastewater treatment, either the price of the services is included in the water distribution invoice or it is specifically invoiced to the local authority or industrial customer concerned.

Commission fees received from the grantors of concessions are recorded as revenues.

Waste services

Revenues arising from waste collection are generally recognized based on the tonnage collected and the service provided by the operator.

Revenues from other forms of treatment (principally sorting and incineration) are recognized based on volumes processed by the operator and the incidental revenues generated by recycling and reuse, such as the sale of paper, cardboard, glass, metals and plastics for sorting centers, and the sale of electricity and heat for incinerators.

Energy services

These revenues relate mainly to installation, maintenance and energy services, and are recognized in accordance with IAS 18, which requires services to be accounted for on a percentage-of-completion basis.

1.4.16.3 Lease and construction contracts

Revenues from construction contracts are determined using the percentage-of-completion method and more generally according to the provisions of IAS 11. Depending on the contract concerned, the stage of completion may be determined either based on the proportion that costs incurred to date bear to the estimated total costs of the transaction, or on the physical progress of the contract based on factors such as contractually defined stages.

Revenues also include revenues from financial concession assets (IFRIC 12) and lease receivables (IFRIC 4).

1.4.17 Current operating income

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance". (This complies with CNC Recommendation 2009-R03 on the format of financial statements of entities applying IFRSs). Current operating income is a sub-total which helps management to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For GDF SUEZ, such elements relate to asset impairments and disposals, restructuring costs and mark-to-market on commodity contracts other than trading instruments, which are defined as follows:

- impairment includes impairment losses on non-current assets;
- disposals of assets include capital gains and losses on disposals of non-current assets, consolidated companies and available-for-sale securities;
- restructuring costs concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- mark-to-market on commodity contracts other than trading instruments corresponds to changes in the fair value (mark-to-market) of financial instruments relating to commodities, gas and electricity, which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions in the energy sector. Since changes in the fair value of these instruments – which must be recognized through income in IAS 39 – can be material and difficult to predict, they are presented on a separate line of the consolidated income statement.

1.4.18 Consolidated cash flow statement

The consolidated cash flow statement is prepared using the indirect method starting from net income.

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"Interest received on non-current financial assets" is classified within investing activities because it represents a return on investments. "Interest received on cash and cash equivalents" is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the Group's internal organization, where debt and cash are managed centrally by the treasury department.

As impairment losses of current assets are considered to be definitive losses, changes in current assets are presented net of impairment.

Cash flows relating to the payment of taxes are presented on a separate line of the cash flow statement.

1.4.19 Income tax expense

The Group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases, using tax rates that have been enacted or substantively enacted by the statement of financial position date. However, under the provisions of IAS 12, no deferred taxes are recognized for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized.

Temporary differences arising on restatements of finance leases result in the recognition of deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred tax are calculated based on the tax position of each company or on the total income of companies included within the consolidated tax group, and are presented in assets or liabilities for their net amount per tax entity.

Deferred taxes are reviewed at each statement of financial position date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

1.4.20 Earnings per share

Basic earnings per share are calculated by dividing net income Group share for the year by the weighted average number of ordinary shares outstanding during the year. The average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year.

The weighted average number of shares and earnings per share are adjusted to take into account the impact of the conversion or exercise of any dilutive potential ordinary shares (options, warrants and convertible bonds, etc.).

NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

2.1 Transactions in the year ended December 31, 2009

2.1.1 European capacity swap agreements

On July 31, 2009, Electrabel and E.ON signed the final agreements concerning the swap of conventional and nuclear power plant capacity. The agreements were validated by the boards of directors of both parties and by the competent competition authorities, and the swap was carried out on November 4, 2009.

On completion of the transaction, Electrabel (Energy Benelux & Germany segment) had acquired from E.ON a total of 860 MW of capacity from conventional power plants and some 132 MW of hydro-electric capacity, for a consideration of €551 million. This acquisition qualifies as a business combination, and the allocation of the cost of the business combination to the assets acquired and liabilities assumed is currently being finalized. The initial estimate of goodwill amounts to €453.5 million.

The Group also acquired 700 MW in drawing rights from nuclear power plants in Germany, which are recognized under other receivables as future deliveries.

As part of the agreement, Electrabel sold to E.ON the Langerlo coal and biomass plant (556 MW) as well as the Vilvoorde gas-fired power plant (385 MW). This transaction was carried out for an amount of €505 million, and generated capital gains in the amount of €108 million in the consolidated financial statements of GDF SUEZ.

The Group also sold approximately 770 MW in drawing rights from nuclear power plants with delivery points in Belgium and the Netherlands, which are recognized under down-payments received in respect of future obligations to deliver power.

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No cash was exchanged between Electrabel and E.ON in respect of these transactions.

2.1.2 Remedies and divestments related to the Gaz de France-SUEZ merger

Within the scope of the commitments made to the European Commission in connection with the merger of both groups as described in note 2.2.1, SUEZ and Gaz de France agreed to carry out a number of divestments. The divestments made in 2008 are described in section 2.3.1. The following transactions took place in 2009:

- on January 20, 2009, GDF SUEZ completed the sale to Centrica of all of its shares in Belgian company Segebel (representing 50% of Segebel's issued capital). Segebel holds 51% of SPE. The shares were sold for €585 million and did not impact earnings;
- as part of the commitments made to the Belgian government (Pax Electrica II agreement), on June 12, 2008 the Group entered into agreements with SPE designed to increase that company's share in Belgian power production. The agreement to swap 100 MW of capacity and the agreement to sell 250 MW of capacity to SPE came into force during the first half of 2009. The sale to SPE of a 6.2% interest in co-owned nuclear power units for €180 million generated net proceeds of €70 million;
- as part of the reorganization of its shareholding in Fluxys, GDF SUEZ agreed to sell shares in Fluxys to Publigas, so as to bring Publigas' interest in Fluxys to 51.28%. The transaction was duly completed on May 18, 2009, and generated a capital gain of €86.7 million.

As part of the agreement for the sale of Distrigas to ENI, the Group finalized several agreements in the gas and power sectors, including the acquisition from ENI of 1,100 MW of virtual power production (VPP) capacity in Italy for €1,210 million, supply contracts, Exploration & Production assets, and the City of Rome natural gas distribution network.

As December 31, 2009, all of these transactions had been completed except the acquisition of the City of Rome natural gas distribution network. Negotiations with ENI are currently in progress in an attempt to find an alternative solution consistent with the commitments undertaken.

2.1.3 Other transactions carried out in 2009

Various acquisitions that are not individually material were carried out in 2009 (buyout of minority shareholdings in Reti in Italy, acquisitions of Izgaz in Turkey, Heron in Greece and Evi in the Netherlands, and of an interest in Wuppertal Stadtwerke Energie und Wasser in Germany).

The Group also sold its stake in ORES in Belgium.

2.2 Update on the main acquisitions carried out in 2008: finalization of the allocation of the cost of the business combination in 2009

2.2.1 Gaz de France-SUEZ merger

2.2.1.1 Description of the transaction

The merger of SUEZ into Gaz de France, which was announced in February 2006, became effective on July 22, 2008 following the approval of the Extraordinary Shareholders' Meetings of both groups on July 16, 2008.

The transaction consisted of a merger-takeover of SUEZ by Gaz de France, based on an exchange ratio of 21 Gaz de France shares for 22 SUEZ shares. The merger-takeover was preceded by a certain number of transactions aimed at allowing SUEZ to distribute to its shareholders 65% of the shares comprising the capital of SUEZ Environnement Company. This transaction was accounted for as a dividend payment with an increase in minority interests, and therefore had no impact on the new GDF SUEZ Group's consolidated equity. Following the spin-off, GDF SUEZ holds a 35% ownership interest in SUEZ Environnement Company and retains de facto control through a shareholders' agreement between GDF SUEZ and the main shareholders of the former SUEZ Group, together representing 47% of the outstanding shares of SUEZ Environnement Company.

For accounting purposes, the merger was treated as the "reverse" acquisition of Gaz de France by SUEZ. Although from a legal standpoint and for operational purposes the transaction is treated as the merger of SUEZ into Gaz de France, an assessment of the criteria set out in IFRS 3 – Business Combinations led the new Group to identify SUEZ as the acquirer and Gaz de France as the acquiree in the accounts.

2.2.1.2 Measurement of the cost of the combination

The business combination was recognized as of July 22, 2008, which is the effective date of the merger.

Gaz de France issued 1,208 million shares in consideration of the 1,309 million shares making up the share capital of SUEZ, after the deduction of 36 million treasury shares held by SUEZ and the 8 million SUEZ shares held by Gaz de France. Following the issuance of these 1,208 million Gaz de France shares, the shareholders of the former SUEZ entity held approximately 56% of the share capital of the new Group (1,208 million of the 2,156 million outstanding shares), while the shareholders of the former Gaz de France entity held approximately 44%.

Since this transaction was classified as a reverse acquisition, the cost of the business combination is deemed to have been incurred by SUEZ (i.e., the acquirer for accounting purposes). Accordingly, the number of shares to be issued is determined as the number of new shares that SUEZ would have had to issue to provide the same percentage ownership interest in the new Group to Gaz de France shareholders as that actually obtained in the legal transaction. On this basis, 993 million SUEZ shares would have been issued in order to give Gaz de France shareholders a 44% interest in the new Group.

The cost of the business combination was calculated based on €40.09 per share, the closing share price on July 22, 2008 (effective date of the merger), resulting in a total estimated cost of €39,818 million.

Total costs incurred by SUEZ and directly attributable to the transaction amounted to €103 million before tax. On July 21, 2008, SUEZ held 10 million Gaz de France shares with an historical cost of €272 million. The cost of the business combination was therefore estimated at €40,193 million.

2.2.1.3 Allocation of the cost of the business combination

In accordance with IFRS 3, the Group had 12 months as of the acquisition date to complete the allocation of the cost of the business combination to the Gaz de France assets acquired and liabilities assumed. Given the scale and the complexity of the transaction, the allocation recorded at December 31, 2008 was made on a provisional basis.

At December 31, 2009, the allocation of the cost of the combination to the assets acquired and liabilities assumed was complete, with the final goodwill amount totaling €11,507 million, compared with provisional goodwill of €11,390 million at December 31, 2008. The difference in these amounts results from revisions to the allocation of the cost of the combination to the assets acquired and liabilities assumed. However, since these revisions were not material taken individually, the statement of financial position for the year ended December 31, 2008 has not been retrospectively restated.

The allocation of the goodwill to cash-generating units (CGUs) or groups of cash-generating units is set out in note 9, “Goodwill”. The table below shows the definitive fair values of the assets acquired and liabilities assumed in the combination.

In millions of euros	Carrying amount in acquiree’s statement of financial position	Definitive fair value
Non-current assets		
Intangible assets, net*	1,313	4,742
Goodwill	1,825	0
Property, plant and equipment, net*	23,388	37,132
Investments in associates	1,182	1,772
Other non-current assets	3,576	3,671
Current assets		
Inventories	2,000	2,206
Other current assets	17,421	17,376
Non-current liabilities		
Provisions	7,347	3,760
Deferred tax liabilities	2,707	10,224
Other non-current liabilities	5,615	5,727
Current liabilities		
Provisions	230	1,146
Other current liabilities	16,720	16,745
Minority interests	**575**	**611**
NET ASSETS ACQUIRED	**17,511**	**28,686**
Cost of the business combination		40,193
DEFINITIVE GOODWILL		**11,507**

* *Includes the reclassification of €5,280 million in concession assets from intangible assets to property, plant and equipment, as the items concerned were accounted for under IAS 16 in the GDF SUEZ financial statements.*

The Group allocated the cost of the business combination to the following items:

- intangible assets (customer relationships, brands and gas supply contracts);
- property, plant and equipment (gas distribution assets in France, Exploration & Production assets, as well as transmission networks, LNG terminals, storage facilities and real estate assets).

The estimated amount of provisions was revised in line with the principles of IFRS 3. As indicated in note 1.4.7, gas distribution assets in France were recognized as property, plant and equipment in accordance with IAS 16, since GrDF operates its network under long-term concession arrangements which are virtually all renewable upon expiration pursuant to French law no. 46-628 of April 8, 1946. Having examined the specific legal and economic issues relating to this activity, the Group has concluded that it exercises control in substance over the concession infrastructure. Consequently, no provision for capital renewal or replacement liabilities has been recognized.

For accounting purposes, fair value allocation automatically requires adjustments to deferred tax liabilities.

The main valuation methods used in determining the allocation of the cost of the combination were the cost method (regulated asset base or amortized replacement cost), the revenue approach (discounted cash flow, excess earnings or royalties methods), and the market approach.

Goodwill mainly represents market share, development capacity, and expected synergies in terms of gas supply, non-energy purchases, operating and selling expenses and revenues that cannot be recognized separately in the GDF SUEZ statement of financial position.

The main estimates and assumptions used in determining the fair value of assets acquired and liabilities assumed are disclosed in note 1.3.1.1.

2.2.1.4 Pro forma information

If the merger with Gaz de France had taken place on January 1, 2008, the Group's 2008 revenues would have totaled €83,053 million, its current operating income €8,561 million, and net income Group share €4,463 million. The contribution of former Gaz de France entities to 2008 net income Group share since the acquisition date is €1,332 million.

2.2.2 Finalization of other key acquisitions carried out in 2008

2.2.2.1 Acquisition of Senoko Power

On September 5, 2008, GDF SUEZ and a consortium of partners signed an agreement to purchase the entire share capital of Senoko Power for an amount of €557 million through a joint venture 30%-held by GDF SUEZ.

Senoko owns and operates a portfolio of power plants (primarily gas-fired combined cycle facilities) located mainly in the north of Singapore and representing a combined capacity of 3,300 MW.

Senoko Power has been proportionately consolidated since September 1, 2008. The definitive allocation of the cost of the business combination to the fair value of the assets acquired and liabilities assumed was completed in the second half of 2009. The resulting goodwill amounted to €321 million at December 31, 2009.

2.2.2.2 Acquisition of FirstLight Power Enterprises

On December 29, 2008, GDF SUEZ acquired the entire share capital of FirstLight Power Enterprises Inc. for USD 959.5 million. FirstLight Power Enterprises Inc. owns and operates a portfolio of 15 electrical power plants and is currently building a natural gas unit. These facilities represent a total capacity of 1,538 MW in Massachusetts and Connecticut.

FirstLight has been fully consolidated since December 31, 2008. The definitive allocation of the cost of the combination to the fair value of the assets acquired and liabilities assumed was completed in the second half of 2009. The resulting goodwill amounted to €185 million at December 31, 2009.

2.3 Other transactions carried out in 2008

2.3.1 Remedies and other impacts of the Gaz de France-SUEZ merger

As part of the commitments made to the European Commission aimed at obtaining approval for the planned merger, SUEZ and Gaz de France entered into a number of agreements. The transactions listed below were competed in 2008:

- on October 30, 2008, GDF SUEZ sold its 57.25% stake in natural gas trader Distrigas to ENI. Distrigas was derecognized for accounting purposes as of October 1, 2008. In the 2008 consolidated financial statements, the sale of Distrigas resulted in a disposal gain of €1,738 million and a €2.1 billion net decrease in net debt;
- as part of the restructuring of its 57.25% interest in Fluxys in Belgium, on September 3, 2008, GDF SUEZ sold 12.5% of the share capital of Fluxys to Publigas, which reduced its stake in Fluxys to below 45%. Fluxys has been accounted for under the equity method since that date;
- on July 31, 2008, Gaz de France sold Cofathec Coriance to A2A following approval from the European Commission. The consideration paid by A2A amounted to €44.6 million;
- in the second half of 2008, Gaz de France sold its 25% interest in Segeo to Fluxys.

2.3.2 Acquisition of NAM assets

On October 1, 2008, GDF SUEZ acquired a group of Exploration & Production assets situated in the Dutch section of the North Sea from Nederlandse Aardolie Maatschappij BV (NAM), as well as a 30% interest in the NOGAT gas pipeline on December 31, 2008. The combined transaction was completed for a total consideration of €1,075 million.

NOTE 3 SEGMENT INFORMATION

3.1 Operating segments

In accordance with the provisions of IFRS 8 – Operating Segments, the operating segments used to present segment information were identified on the basis of internal reports used by the Group's Management Committee to allocate resources to the segments and assess their performance. The Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8.

The Energy Europe & International business line was reorganized with effect from July 20, 2009, and now has five business areas (versus three in 2008) corresponding to the definition of operating segments: Energy Benelux & Germany, Energy Europe, Energy North America, Energy Latin America and Energy Middle East, Asia & Africa. Comparative data for 2008 has been restated so as to present segment information under this new organization effective within the Group since December 31, 2009.

The Group therefore has identified ten operating segments:

- Energy France business line – subsidiaries in this operating segment produce electricity and sell natural gas, electricity and services to private individuals, small business customers and companies in France;
- Energy Benelux & Germany business area – subsidiaries in this operating segment produce and sell electricity and/or gas, in Belgium, the Netherlands, Luxembourg and Germany;
- Energy Europe business area – these subsidiaries produce electricity and/or provide electricity and gas transmission, distribution and sales services in Europe (excluding France, Benelux and Germany);
- Energy North America business area – these subsidiaries produce electricity and/or provide electricity and gas sales services in North America, Mexico and Canada. They are also active in the LNG import and regasification businesses;
- Energy Latin America business area – subsidiaries in this operating segment produce electricity and/or provide electricity and gas transmission and distribution services in Latin America;
- Energy Middle East, Asia & Africa business area – subsidiaries operating in this operating segment produce and sell electricity in Thailand, Laos, Singapore, Turkey and the Arabian peninsular. They also provide seawater desalinization services in the Arabian peninsular;
- Global Gas & LNG business line – these subsidiaries supply gas to the Group and sell energy and service packages to key European players, using proprietary production as well as long-term gas and LNG contracts;
- Infrastructures business line – subsidiaries in this segment operate gas and electricity transportation, storage and distribution networks essentially in France and Germany. They also sell access rights to this infrastructure to third parties;
- Energy Services business line – these subsidiaries provide engineering, installation, maintenance and delegated management services, particularly in relation to electrical and heating facilities, pipeline systems and energy networks;
- SUEZ Environnement business line – subsidiaries operating in this operating segment provide private customers, local authorities and industrial customers with:
  - water distribution and treatment services, notably under concession contracts (water management), and water purification facility design and construction services (turnkey engineering),
  - and waste collection and treatment services including sorting, recycling, composting, landfilling, energy recovery and hazardous waste treatment.

The "Other" line presented in the table below includes contributions from corporate holding companies and entities centralizing the Group's financing requirements. It does not include holding companies acting as business line heads, which are allocated to the operating segments concerned.

The methods used to recognize and measure these segments for internal reporting purposes are the same as those used to prepare the consolidated financial statements. EBITDA and industrial capital employed are reconciled with the consolidated financial statements.

The main relationships between operating segments concern Energy France and Infrastructures and Global Gas & LNG. Services are provided by the Infrastructures operating segment on the basis of a regulated fee applicable to all network users.

Sales of molecules between Global Gas & LNG and Energy France are carried out based on the application of the supply costs formula used to calculate the regulated rates approved by the French Energy Regulatory Commission (CRE). The difference between the rates determined by decree and the transfer price is assumed by Energy France.

3.2 Key indicators by operating segment

Following the reorganization resulting from the merger between Gaz de France and SUEZ, certain entities previously belonging to the Benelux & Germany operating segment were transferred to Energy France.

REVENUES

In millions of euros	Dec. 31, 2009			Dec. 31, 2008		
	External revenues	Intra-group revenues	Total	External revenues	Intra-group revenues	Total
Energy France	13,954.1	434.4	14,388.5	7,340.6	652.4	7,993.0
Energy Europe & International	28,349.7	244.5	28,594.2	27,285.3	358.3	27,643.6
of which: Energy Benelux & Germany	*13,204.1*	*963.8*	*14,167.9*	*14,121.3*	*261.6*	*14,382.9*
Energy Europe	*7,745.6*	*515.1*	*8,260.7*	*5,691.1*	*176.5*	*5,867.6*
Energy North America	*3,876.5*	*45.4*	*3,922.0*	*3,939.9*	*309.4*	*4,249.3*
Energy Latin America	*2,011.6*	*0.0*	*2,011.6*	*2,066.7*	*(0.0)*	*2,066.7*
Energy Middle East, Asia & Africa	*1,510.5*	*(0.0)*	*1,510.5*	*1,346.2*	*0.0*	*1,346.2*
Intra-business line eliminations		*(1,279.9)*	*(1,279.9)*		*(389.2)*	*(389.2)*
Global Gas & LNG	10,657.4	9,812.7	20,470.0	5,111.7	5,811.4	10,923.1
Infrastructures	1,043.1	4,569.9	5,613.0	545.2	2,360.5	2,905.6
Energy Services	13,620.6	193.0	13,813.6	13,021.6	130.3	13,151.9
SUEZ Environnement	12,283.4	12.7	12,296.1	12,351.7	10.7	12,362.4
Other	0.0	0.0	0.0	2,267.7	1,252.4	3,520.1
Intra-group eliminations		(15,267.2)	(15,267.2)		(10,576.0)	(10,576.0)
TOTAL REVENUES	**79,908.3**	**0.0**	**79,908.3**	**67,923.8**	**0.0**	**67,923.8**

EBITDA

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Energy France	366.3	292.3
Energy Europe & International	5,027.1	4,079.3
of which: Energy Benelux & Germany	*2,122.6*	*1,744.7*
Energy Europe	*1,011.3*	*571.6*
Energy North America	*656.7*	*526.3*
Energy Latin America	*1,025.9*	*1,005.6*
Energy Middle East, Asia & Africa	*285.7*	*267.6*
Global Gas & LNG	2,864.4	1,481.6
Infrastructures	3,025.8	1,323.2
Energy Services	921.4	838.9
SUEZ Environnement	2,059.9	2,101.5
Other	(253.4)	(63.4)
TOTAL EBITDA	**14,011.5**	**10,053.5**

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CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Energy France	288.1	124.4
Energy Europe & International	3,533.6	2,882.8
of which: Energy Benelux & Germany	*1,574.4*	*1,182.2*
Energy Europe	*580.6*	*327.5*
Energy North America	*428.7*	*377.6*
Energy Latin America	*834.9*	*859.2*
Energy Middle East, Asia & Africa	*197.4*	*189.2*
Global Gas & LNG	1,449.9	849.9
Infrastructures	1,946.6	907.9
Energy Services	597.9	547.5
SUEZ Environnement	925.8	1,083.6
Other	(394.6)	(172.6)
TOTAL CURRENT OPERATING INCOME	**8,347.4**	**6,223.6**

DEPRECIATION AND AMORTIZATION

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Energy France	(31.0)	28.3
Energy Europe & International	(1,308.9)	(989.2)
of which: Energy Benelux & Germany	*(381.3)*	*(378.7)*
Energy Europe	*(421.4)*	*(233.9)*
Energy North America	*(229.7)*	*(147.7)*
Energy Latin America	*(186.9)*	*(143.1)*
Energy Middle East, Asia & Africa	*(89.3)*	*(81.3)*
Global Gas & LNG	(1,377.7)	(794.0)
Infrastructures	(1,083.1)	(535.3)
Energy Services	(293.7)	(256.1)
SUEZ Environnement	(838.2)	(792.6)
Other	(65.2)	(43.2)
TOTAL DEPRECIATION AND AMORTIZATION	**(4,997.8)**	**(3,382.2)**

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IMPAIRMENT LOSSES RECOGNIZED IN INCOME

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Energy France	(27.8)	(0.6)
Energy Europe & International	(134.3)	(157.8)
of which: Energy Benelux & Germany	*(110.6)*	*1.0*
Energy Europe	*(3.8)*	*(121.8)*
Energy North America	*(8.8)*	*(32.7)*
Energy Latin America	*(25.5)*	*(0.2)*
Energy Middle East, Asia & Africa	*0.0*	*0.0*
Global Gas & LNG	(178.8)	(0.7)
Infrastructures	(1.6)	0.9
Energy Services	6.7	(18.4)
SUEZ Environnement	(85.3)	12.7
Other	(51.1)	(647.9)
TOTAL IMPAIRMENT LOSSES RECOGNIZED IN INCOME	**(472.2)**	**(811.8)**

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Energy France	6,615.9	5,594.7
Energy Europe & International	30,704.2	28,410.0
of which: Energy Benelux & Germany	*9,575.4*	*9,654.1*
Energy Europe	*8,400.6*	*7,686.1*
Energy North America	*4,798.3*	*4,500.6*
Energy Latin America	*5,223.8*	*3,817.1*
Energy Middle East, Asia & Africa	*2,677.5*	*2,473.4*
Global Gas & LNG	9,284.6	10,117.7
Infrastructures	18,823.4	18,267.2
Energy Services	2,290.6	2,019.9
SUEZ Environnement	9,737.6	8,940.3
Other	(783.2)	(846.8)
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**76,673.1**	**72,503.0**

A reconciliation of industrial capital employed to the definition of capital employed formerly used by the Group is provided in note 3.6.

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● CAPITAL EXPENDITURE (CAPEX)

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Energy France	(925.1)	(822.0)
Energy Europe & International	(4,667.6)	(5,924.0)
of which: Energy Benelux & Germany	(1,638.1)	(944.9)
Energy Europe	(992.7)	(1,660.0)
Energy North America	(375.7)	(1,037.9)
Energy Latin America	(1,453.1)	(1,159.2)
Energy Middle East, Asia & Africa	(223.9)	(1,041.2)
Global Gas & LNG	(1,146.9)	(1,865.6)
Infrastructures	(1,947.9)	(1,228.1)
Energy Services	(621.5)	(433.9)
SUEZ Environnement	(1,459.1)	(2,675.8)
Other	(391.9)	(718.8)
TOTAL CAPITAL EXPENDITURE	**(11,159.9)**	**(13,668.2)**

3.3 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

	Revenues		Industrial capital employed	
In millions of euros	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
France	30,723.7	20,767.9	31,316.8	32,165.0
Belgium	11,557.3	13,900.2	5,844.3	7,549.8
Other EU countries	25,163.6	20,890.5	21,944.4	18,336.6
Other European countries	1,197.1	930.2	1,734.9	1,103.2
North America	4,641.6	4,843.6	6,552.5	6,240.0
Asia, Middle East and Oceania	3,202.8	3,157.4	3,699.8	3,017.5
South America	2,570.8	2,623.5	5,265.1	3,847.3
Africa	851.4	810.4	315.2	243.7
TOTAL	**79,908.3**	**67,923.7**	**76,673.1**	**72,503.0**

3.4 Reconciliation of EBITDA

● RECONCILIATION OF EBITDA WITH CURRENT OPERATING INCOME

	Dec. 31, 2009	Dec. 31, 2008
Current operating income	8,347.4	6,223.6
Depreciation, amortization and provisions	5,183.1	3,713.5
Share-based payment (IFRS 2) and other	217.9	184.6
Net disbursements under concession contracts	263.1	(68.2)
EBITDA	14,011.5	10,053.5

3.5 Reconciliation of industrial capital employed with items in the statement of financial position

	Dec. 31, 2009	Dec. 31, 2008
(+) Property, plant and equipment and intangible assets, net	81,084.7	74,173.7
(+) Goodwill	27,989.0	27,510.1
(-) Goodwill arising on the Gaz de France-SUEZ merger[1]	*(11,507.0)*	*(11,390.0)*
(+) Investments in associates	2,175.6	3,104.3
(+) Trade and other receivables	19,748.5	22,729.3
(-) Margin calls[1][2]	*(1,184.6)*	*(1,569.4)*
(+) Inventories	3,946.9	4,208.9
(+) Other current and non-current assets	6,790.2	5,764.5
(+) Deferred taxes	(10,437.5)	(9,928.0)
(-) Provisions	(14,052.7)	(14,792.7)
(+) Actuarial gains and losses recorded in equity (net of deferred taxes)[1]	*159.0*	*15.4*
(-) Trade and other payables	(16,594.4)	(17,914.7)
(-) Margin calls[1][2]	*717.1*	*524.2*
(-) Other current and non-current liabilities	(11,250.4)	(9,073.5)
(-) Other financial liabilities	(911.4)	(859.1)
INDUSTRIAL CAPITAL EMPLOYED	76,673.1	72,503.0

(1) For the purposes of calculating industrial capital employed, the amounts recorded in respect of these items have been adjusted from those appearing in the statement of financial position.

(2) Margin calls included in "Trade and other receivables" and "Trade and other payables" correspond to advances received or paid as part of collateralization agreements set up by the Group to reduce its exposure to counterparty risk on commodities transactions.

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3.6 Reconciliation of capital employed with industrial capital employed for 2008

	Dec. 31, 2008
CAPITAL EMPLOYED (FORMER DEFINITION)	**91,779.9**
- Goodwill arising on the Gaz de France-SUEZ merger	(11,390.0)
- Available-for-sale securities (excl. changes in fair value and marketable securities)	(2,540.5)
- Loans and receivables at amortized cost	(3,714.8)
- Margin calls included in “Trade and other receivables”	(1,569.4)
+ Margin calls included in “Trade and other payables”	524.2
+ Deferred tax on actuarial gains and losses	(586.4)
INDUSTRIAL CAPITAL EMPLOYED	**72,503.0**

For the 2009 reporting period, the Group has adopted a new definition of capital employed (referred to here as “industrial capital employed”) to assess the operational performance of its businesses. Unlike the previous definition of capital employed used by the Group, industrial capital employed does not include available-for-sale securities or loans and receivables at amortized cost. The residual goodwill resulting from the merger between Gaz de France and SUEZ is also excluded from the new definition, since the transaction took the form of a share swap rather than an exchange of cash.

NOTE 4 CURRENT OPERATING INCOME

The consolidated income statement for the year ended December 31, 2008 includes the contribution of the former Gaz de France entities as from July 22, 2008.

4.1 Revenues

Group revenues break down as follows:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Energy sales	53,089.8	42,531.7
Rendering of services	25,258.5	24,132.4
Lease and construction contracts	1,560.0	1,259.8
REVENUES	**79,908.3**	**67,923.8**

In 2009, revenues from lease and construction contracts amounted to €737.0 million and €823.0 million, respectively (€472.9 million and €786.8 million in 2008).

4.2 Personnel costs

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Short-term benefits	(10,891.2)	(9,297.7)
Post-employment benefits and other long-term benefits	(252.7)	(191.3)
Share-based payment	(220.9)	(190.0)
TOTAL	**(11,364.9)**	**(9,679.0)**

Movements in personnel costs are mainly attributable to changes in the scope of consolidation resulting from the merger with Gaz de France with effect from July 22, 2008, and the consolidation of Reti, Senoko and FirstLight.

Post-employment benefit obligations and other long-term employee benefits are presented in note 18.

Net reversals of provisions for post-employment benefit obligations and other long-term employee benefits in 2009 and 2008 amounted to €190.9 million, €271.5 million, respectively.

Share-based payments are described in note 24.

4.3 Depreciation, amortization and provisions

Amounts are shown below net of reversals.

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Depreciation and amortization	(4,997.8)	(3,382.2)
Write-down of inventories and trade receivables	(216.9)	(280.4)
Provisions	31.6	(50.9)
TOTAL	**(5,183.1)**	**(3,713.5)**

Depreciation and amortization breaks down as €716.0 million for intangible assets and €4,281.8 million for property, plant and equipment. A breakdown by type of asset is provided in notes 10 and 11.

Write-downs of inventories and trade receivables decreased in 2009, mainly as a result of the reduction in outstanding trade receivables, notably due to the impact of the fall in commodities prices.

4.4 Other operating income and expenses, net

Under the French Finance Act for 2010, local business tax (*taxe professionnelle*) was replaced by a new "territorial economic tax" (*contribution économique territoriale*). Although the territorial economic tax is calculated in a different manner to the former business tax, the Group considers that the fundamental basis of the tax is comparable. Accordingly, the territorial economic tax will also be recognized in current operating income, like the former business tax.

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NOTE 5 INCOME FROM OPERATING ACTIVITIES

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
CURRENT OPERATING INCOME	**8,347.4**	**6,223.6**
Mark-to-market on commodity contracts other than trading instruments	(323.1)	563.6
Impairment of property, plant and equipment, intangible assets and financial assets	(472.2)	(811.8)
Restructuring costs	(178.6)	(254.2)
Disposals of assets and other	800.9	1,957.7
INCOME FROM OPERATING ACTIVITIES	**8,174.4**	**7,678.8**

5.1 Mark-to-market on commodity contracts other than trading instruments

The contribution of marked-to-market commodity contracts other than trading instruments to consolidated income from operating activities was a net loss of €323 million for the year to December 31, 2009, compared with a net gain of €563 million one year earlier. This amount chiefly reflects:

- changes in the fair value of forward contracts used as economic hedges not eligible for hedge accounting, resulting in a net loss of €285 million compared with a net gain of €436 million in 2008;
- the impact of ineffective portion of cash flow hedges and the disqualification from hedge accounting of certain commodity risk hedges, resulting in a negative impact of €38 million;
- the change in the fair value of derivatives embedded in commodity contracts was not material in 2009, but had a positive €110 million impact in 2008.

5.2 Impairment of property, plant and equipment, intangible assets and financial assets

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Impairment losses:		
Goodwill	(8.4)	(47.7)
Property, plant and equipment and other intangible assets	(436.4)	(153.2)
Financial assets	(103.1)	(660.1)
Other	22.3	
TOTAL IMPAIRMENT LOSSES	**(525.6)**	**(861.0)**
Reversals of impairment losses:		
Property, plant and equipment and other intangible assets	39.6	32.3
Financial assets	13.7	16.9
TOTAL REVERSALS OF IMPAIRMENT LOSSES	**53.3**	**49.2**
TOTAL	**(472.2)**	**(811.8)**

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5.2.1 Impairment of goodwill

Based on the impairment tests described in note 9, "Goodwill", the Group considers that no material impairment losses need to be recognized against goodwill in the statement of financial position.

5.2.2 Impairment of property, plant and equipment and intangible assets (excluding goodwill)

In 2009, the Group recognized impairment losses totaling €177 million against its exploration licenses in the Gulf of Mexico and Libya. It also recognized a €113 million impairment loss after the project for a second coal station at Brunsbüttel-Stade in Germany was abandoned.

In 2008, the Group had recognized €123 million in impairment losses against property, plant and equipment used to produce electricity in the UK, due to a decline in operating and pricing conditions.

5.2.3 Impairment of financial assets

In 2009, the Group recognized additional impairment losses of €33 million against its Gas Natural shares (see note 14.1.1).

In light of the downturn in equity markets in 2008 and uncertainty regarding the timing of recovery of the Gas Natural share price, the Group has recognized an impairment loss of €513 million on Gas Natural shares.

Given the financial position of some of its counterparties in the second half of 2008, the Group had also taken an impairment loss against its financial assets (loans and receivables at amortized cost) for a total amount of €129.3 million, in order to reduce the carrying value of the assets concerned to their recoverable amount as estimated based on observable market data.

5.3 Restructuring costs

Restructuring costs recognized in 2009 correspond to measures taken to address the downturn in the waste services segment of SUEZ Environnement and in Energy Services. They also include the costs of integrating Cofathec's activities within the Energy Services business line.

In 2008, most of the costs included in this caption related to the merger between Gaz de France and SUEZ, the stock market listing of 65% of SUEZ Environnement Company, and the reorganization of GDF SUEZ's corporate facilities in the Ile de France region.

5.4 Disposals of assets and other items

At December 31, 2009, this item chiefly comprises capital gains on the disposal of shareholdings in inter-municipal companies in the Walloon region, disposal gains resulting from the sale of the Nagerlo and Vilvoorde power stations to E.ON, and proceeds from the sale to SPE of 250 MW in production capacity resulting from the implementation of the Group's obligations under the Pax Electrica agreement (see note 2). It also includes the impact of certain proceedings initiated against the Group by the European Commission. In light of the actions taken in the E.ON/GDF case since the merger, and following the European Commission's decision handed down on July 8, 2009, the Group adjusted the provision recognized in connection with the allocation of the cost of the Gaz de France-SUEZ business combination to the assets, liabilities and contingent liabilities of Gaz de France in its 2009 consolidated financial statements. The Group also recognized the fine handed down by the Commission in the Compagnie Nationale du Rhône case.

At December 31, 2008, disposals of assets mainly reflected commitments totaling €1,902 million given to the European Commission in respect of the merger with Gaz de France. The caption also included capital gains on the sale of Distrigas (€1,738 million) and on the disposal of 12.5% of Fluxys (€163 million). The disposal of SPE and Coriance, equity investments previously owned by Gaz de France, were measured at fair value within the context of accounting for the business combination, and therefore had no impact on income for the periods concerned.

NOTE 6 NET FINANCIAL INCOME/(LOSS)

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Expenses	Income	Total	Expenses	Income	Total
Cost of net debt	(1,706.9)	441.0	(1,265.8)	(1,652.7)	391.8	(1,260.9)
Other financial income and expenses	(769.7)	407.9	(361.8)	(668.1)	434.8	(233.2)
NET FINANCIAL INCOME/(LOSS)	**(2,476.6)**	**849.0**	**(1,627.6)**	**(2,320.8)**	**826.6**	**(1,494.1)**

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6.1 Cost of net debt

The cost of net debt include mainly interest expenses (calculated using the effective interest rate) on gross borrowings, foreign exchange gains/losses on borrowings and hedges and gains/losses on interest rate and currency hedges of gross borrowings, as well as interest income on cash investments and changes in the fair value of financial assets at fair value through income.

In millions of euros	Expenses	Income	Net at Dec. 31, 2009	Dec. 31, 2008
Interest on gross borrowings	(1,916.6)	-	(1,916.6)	(1,552.1)
Foreign exchange gains/losses on borrowings and hedges	(39.4)	-	(39.4)	72.5
Gains and losses on hedges of borrowings	-	265.0	265.0	(198.2)
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	176.0	176.0	319.4
Capitalized borrowing costs[1]	249.2	-	249.2	97.6
COST OF NET DEBT	(1,706.9)	441.0	(1,265.8)	(1,260.9)

(1) Capitalized borrowing costs have been reclassified from "Other financial income and expenses" to "Cost of net debt" and are now presented as a deduction from financial expenses. In order to present a meaningful comparison between the periods presented, data for 2008 have been restated.

The change in cost of net debt is essentially attributable to:

- the rise in interest on gross borrowings resulting from the increase in outstanding debt, as discussed in note 14.3.1, "Main debt issues during the period";
- the decrease in gains on cash and cash equivalents and financial assets at fair value through income, chiefly due to lower yields on cash investments in 2009;
- gains realized on hedges of borrowings as a result of new economic hedges put in place, changes in the fair value of derivative financial instruments, and the unwinding of instruments during the period.

6.2 Other financial income and expenses

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Other financial expenses		
Unwinding of discounting adjustments to provisions	(601.4)	(489.0)
Interest on trade and other payables	(81.0)	(110.9)
Exchange losses	(74.9)	(12.7)
Other financial expenses	(12.4)	(55.4)
TOTAL	**(769.7)**	**(668.1)**
Other financial income		
Income from available-for-sale securities	234.6	219.6
Interest income on trade and other receivables	74.0	68.4
Interest income on loans and receivables carried at amortized cost	86.8	144.1
Other financial income	12.6	2.7
TOTAL	**407.9**	**434.8**
OTHER FINANCIAL INCOME AND EXPENSES, NET	(361.8)	(233.2)

NOTE 7 INCOME TAX EXPENSE

7.1 Main impacts

7.1.1 Breakdown of income tax expense

The income tax expense recognized in income for 2009 amounts to €1,719.3 million (€911.9 million in 2008), breaking down as:

In millions of euros	2009	2008
Current income taxes	(1,639.9)	(870.0)
Deferred taxes	(79.4)	(41.9)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME FOR THE YEAR	(1,719.3)	(911.9)

7.1.2 Change in deferred taxes

Changes in deferred taxes recorded in the consolidated statement of financial position, after netting off deferred tax assets and liabilities by tax entity, break down as follows

In millions of euros	Assets	Liabilities	Net position
At December 31, 2008	618.4	(10,546.4)	(9,928.0)
Impact on net income for the year	317.1	(396.5)	(79.4)
Impact of netting by tax entity	573.4	(573.4)	(0.0)
Other	(90.1)	(340.0)	(430.1)
AT DECEMBER 31, 2009	1,418.8	(11,856.3)	(10,437.5)

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7.2 Reconciliation between theoretical income tax expense and actual income tax expense

A reconciliation between the theoretical income tax expense and the Group's actual income tax expense is presented below:

In millions of euros	2009	2008
Net income	**5,230.5**	**5,591.2**
• Share in net income of associates	402.9	318.3
• Income tax expense	(1,719.3)	(911.9)
Income before income tax expense and share in net income of associates (a)	**6,546.8**	**6,184.7**
Of which French companies	*1,841.0*	*940.4*
Of which companies outside France	*4,705.8*	*5,244.3*
Statutory income tax rate in France (b)	34.43%	34.43%
THEORETICAL INCOME TAX EXPENSE (c) = (a) x (b)	**(2,254.1)**	**(2,129.4)**
Actual income tax expense		
Difference between statutory tax rate applicable in France and statutory tax rate in force in jurisdictions outside France	146.0	90.3
Permanent differences	(72.9)	83.4
Income taxed at a reduced rate or tax-exempt[d]	476.6	954.7
Additional tax expense[e]	(349.0)	(645.0)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences	(105.7)	(197.7)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences	140.4	348.6
Impact of changes in tax rates	19.7	(18.9)
Tax credits	197.9	128.1
Other[f]	81.9	474.1
ACTUAL INCOME TAX EXPENSE	**(1,719.3)**	**(911.9)**
EFFECTIVE TAX RATE (ACTUAL INCOME TAX EXPENSE DIVIDED BY INCOME BEFORE INCOME TAX AND SHARE IN NET INCOME OF ASSOCIATES)	**26.3%**	**14.7%**

(d) Includes mainly capital gains on tax-exempt disposals of shares in Belgium; the effect of lower tax rates applicable to securities transactions in France; and the impact of the special tax regimes used for the coordination centers in Belgium.

(e) Includes mainly the tax on dividends and the tax on nuclear activities payable by electricity utilities in Belgium (€213 million in 2009 and €222 million in 2008).

(f) Includes mainly the impact in 2008 of no longer neutralizing operations that were previously neutralized due to the disbanding of the SUEZ SA tax consolidation group, and in 2009, the recognition of a deferred tax asset on the reorganization of engineering activities (see below).

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The change in the effective tax rate is explained below:

- disposal gains and similar items, typically exempt from tax, totaled €800.9 million in 2009 compared with €1,957.7 million in 2008. This decrease led to a rise in the effective tax rate;
- the reorganization of SUEZ Tractebel's engineering business gave rise to a tax-deductible temporary difference, and led to the recognition of a deferred tax asset in the amount of €118 million at December 31, 2009;
- the effective tax rate in 2008 benefited from a number of non-recurring items. These included:
  - deferred tax assets totaling €151 million recognized by the GDF SUEZ SA tax consolidation group on various temporary differences,
  - the impact of discontinuing the neutralization of previously neutralized operations in connection with the disbanding of the former SUEZ tax consolidation group, which resulted in a tax loss carry-forward totaling €898 million, immediately recognized against the taxable income for the period of GDF SUEZ SA,
  - recognition by the new SEC tax consolidation group of €149 million in deferred tax assets corresponding to tax loss carry-forwards transferred by the former SUEZ SA tax consolidation group.

7.3 Analysis of deferred taxes by type of temporary difference

7.3.1 Analysis of the net deferred tax position recognized in the statement of financial position (before netting off deferred tax assets and liabilities by tax entity), by type of temporary difference

	Statement of financial position at	
In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**
Deferred tax assets:		
Tax loss carry-forwards and tax credits	1,300.5	1,077.7
Pension obligations	1,023.4	1,028.0
Non-deductible provisions	495.2	458.0
Difference between the carrying amount of PP&E and intangible assets and their tax bases	714.6	451.5
Measurement of financial instruments at fair value (IAS 32/39)	473.6	634.4
Other	671.3	801.9
TOTAL	**4,678.6**	**4,451.5**
Deferred tax liabilities:		
Fair value adjustments to PP&E and intangible assets	(8,707.8)	(9,485.8)
Other differences between the carrying amount of PP&E and intangible assets and their tax bases	(4,835.2)	(3,654.6)
Tax-driven provisions	(223.6)	(172.9)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(425.3)	(337.5)
Other	(924.2)	(728.8)
TOTAL	**(15,116.1)**	**(14,379.6)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(10,437.5)**	**(9,928.1)**

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7.3.2 Analysis of the deferred tax income/expense recognized in the income statement, by type of temporary difference

In millions of euros	Impacts in the income statement	
	Dec. 31, 2009	**Dec. 31, 2008**
Deferred tax assets:		
Tax loss carry-forwards and tax credits	(41.4)	(9.3)
Pension obligations	18.6	(30.3)
Non-deductible provisions	2.4	84.1
Difference between the carrying amount of PP&E and intangible assets and their tax bases	160.0	(28.5)
Measurement of financial instruments at fair value (IAS 32/39)	155.5	195.2
Other	22.0	245.3
TOTAL	**317.1**	**456.5**
Deferred tax liabilities:		
Fair value adjustments to PP&E and intangible assets	(0.6)	(89.7)
Other differences between the carrying amount of PP&E and intangible assets and their tax bases	(74.9)	27.2
Tax-driven provisions	(13.4)	(33.8)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(35.2)	(360.3)
Other	(272.4)	(41.8)
TOTAL	**(396.5)**	**(498.4)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(79.4)**	**(41.9)**

7.3.3 Analysis of the deferred tax income/expense recognized in other comprehensive income, by type of temporary difference

In millions of euros	Dec. 31, 2009	Change	Dec. 31, 2008	Change	Dec. 31, 2007
Available-for-sale financial assets	2.5	6.1	(3.6)	78.9	(82.5)
Actuarial gains and losses	97.1	(51.0)	148.2	173.6	(25.5)
Net investment hedges	(18.3)	(3.1)	(15.2)	(28.8)	13.6
Cash flow hedges	129.8	(335.9)	465.7	595.9	(130.2)
Share in net income (loss) of associates	10.0	7.2	2.9	3.3	(0.5)
TOTAL (EXCLUDING TRANSLATION ADJUSTMENTS)	**221.2**	**(376.8)**	**598.0**	**822.9**	**(224.9)**
Translation adjustments	(3.7)	5.9	(9.6)	3.2	(12.8)
TOTAL	**217.5**	**(370.9)**	**588.4**	**826.1**	**(237.7)**

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7.4 Unrecognized deferred taxes

7.4.1 Unrecognized deductible temporary differences

At December 31, 2009, unused tax loss carry-forwards not recognized by the Group amounted to €1,368.5 million (€1,223.7 million at end-2008) in respect of ordinary tax losses (unrecognized deferred tax asset effect of €432.3 million). All tax loss carry-forwards resulting from the GDF SUEZ tax consolidation group are recognized in the statement of financial position.

Following a decision issued by the European Court of Justice on February 12, 2009 in the Cobelfret case, Belgium was sanctioned for its dividends received deduction (DRD) regime. Dividends received from subsidiaries are now required to be carried forward. As some Group entities are not expected to have sufficient taxable profits over the medium-term to be able to use the DRD, they did not recognize deferred tax assets on these tax loss carry-forwards. Due to a lack of clarity in existing legal and administrative provisions in this area, particularly regarding the fate of tax loss carry-forwards in the event of a merger or spin-off for example, and in view of certain disputes currently in progress, the Group was unable to determine the exact amount of these carry-forwards at the end of the reporting period.

The expiration dates for these unrecognized tax loss carry-forwards are presented below:

In millions of euros	Ordinary tax losses
2010	85.4
2011	53.2
2012	35.7
2013	71.3
2014	131.3
2015 and beyond	991.7
TOTAL	**1,368.5**

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €129.9 million in 2009 and €289.5 million in 2008.

7.4.2 Unrecognized deferred taxes on taxable temporary differences relating to investments in subsidiaries, joint ventures and associates

No deferred tax liabilities are recognized on temporary differences when the Group is able to control the timing of their reversal and it is probable that the temporary difference will not reverse in the foreseeable future. Likewise, no deferred tax liabilities are recognized on temporary differences that do not result in any payment of tax when they reverse (in particular as regards tax-exempt capital gains on disposals of investments in Belgium and the elimination of capital gains tax in France with effect from January 1, 2007).

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NOTE 8 EARNINGS PER SHARE

Earnings per share data for 2008 and 2009 reporting periods take into account the impact of the stock dividend paid in the first half of 2009.

Owing to the reverse acquisition of Gaz de France by SUEZ, and in accordance with IFRS 3, the average number of shares outstanding used as the denominator in determining earnings per share data for 2008 was calculated by dividing 2008 into a pre-merger and post-merger period. The number of shares outstanding for the period to July 22, 2008 represents the number of shares issued by GDF SA (considered the acquirer for legal purposes) in consideration for the contribution of SUEZ, adjusted for the impact of changes in the number of shares issued by SUEZ (considered as merged into Gaz de France for legal purposes) during these periods. The denominator for the post-merger period is the average number of GDF SUEZ shares issued and outstanding.

	Dec. 31, 2009	Dec. 31, 2008
Numerator *(in millions of euros)*		
Net income Group share	4,477.3	4,857.1
Denominator *(in millions of shares)*		
Average number of shares outstanding	2,188.9	1,638.0
Impact of dilutive instruments		
• Bonus share plan reserved for employees	7.4	3.4
• Employee stock subscription and purchase plans	6.2	11.5
DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING	**2,202.5**	**1,652.9**
Earnings per share *(in euros)*		
Earnings per share	2.05	2.97
Diluted earnings per share	2.03	2.94

The spin-off of 65% of SUEZ Environnement had an automatically dilutive impact on Group earnings per share in 2008. Had the spin-off taken place on January 1, 2008, earnings per share and diluted earnings per share for 2008 would have been €2.89 and €2.87, respectively.

The dilutive instruments taken into account for calculating diluted earnings per share and the number of shares outstanding during the period are described in note 24. Stock options granted to employees are not included in the calculation of diluted earnings per share when they are not in the money under current market conditions.

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NOTE 9 GOODWILL

9.1 Movements in the carrying amount of goodwill

In millions of euros	Gross amount	Impairment losses	Net amount
At December 31, 2007	**15,065.9**	**(163.2)**	**14,902.7**
Acquisitions	12,985.9		
Impairment		(47.7)	
Disposals	(147.2)	(19.3)	
Translation adjustments	(37.3)	12.6	
Other	(128.7)	(10.8)	
At December 31, 2008	**27,738.6**	**(228.3)**	**27,510.1**
Acquisitions	1,260.5		
Impairment		(10.8)	
Disposals	(410.6)	0.0	
Translation adjustments	34.4	(10.6)	
Other	(385.0)	0.7	
AT DECEMBER 31, 2009	**28,238.0**	**(249.0)**	**27,989.0**

Additions to goodwill in 2009 relate mainly to acquisitions of German companies within the Energy Benelux & Germany CGU in connection with the agreements between Electrabel and E.ON (€453.5 million), and to the acquisition of Izgaz in Turkey (€179.2 million), Heron in Greece (€61.1 million), and the acquisition of an interest in Wuppertal Stadtwerke Energie und Wasser in Germany (€100.8 million). Goodwill was also recognized on the additional stake acquired in Swire Sita in Hong Kong (€168.8 million).

In 2008, goodwill recognized resulted mainly from the acquisition of Gaz de France (€11,390 million), FirstLight (€657.2 million, based on a provisional opening statement of financial position) and Senoko (€303.5 million) in the Energy International business line. The calculation of the cost of the Gaz de France acquisition and its allocation to Gaz de France's assets and liabilities are shown in note 2, "Main changes in Group structure".

Disposals in 2009 include a portion of the goodwill allocated to the Energy Benelux & Germany CGU in connection with various divestments made by this CGU (see note 5.4). This chiefly concerns sales of shareholdings in inter-municipal companies, the sale to SPE of 250 MW in production capacity, and the production capacity swap in Europe with E.ON. In 2008, disposals related to the sale of Distrigas and Fluxys.

Other changes in 2009 reflect the finalization of the opening statement of financial position for FirstLight (negative impact of €503.3 million) and Gaz de France (positive impact of €117 million).

Goodwill arising on acquisitions of minority shareholdings totaled €44.5 million in 2009 versus €27.9 million in 2008. In the absence of specific IFRS guidance, this goodwill is recognized in accordance with the principles described in note 1.4.4.1.

9.2 Allocation of goodwill resulting from the Gaz de France acquisition to goodwill CGUs

Following the acquisition of Gaz de France in July 2008 and the new management organization put in place by the Group, in 2009 GDF SUEZ defined the cash-generating units ("goodwill CGUs") to which goodwill is to be allocated for the purpose of carrying out annual goodwill impairment tests.

The Group has retained the goodwill CGUs previously identified within the SUEZ Group except where an internal reorganization or combination has taken place involving assets acquired as part of the merger with Gaz de France.

The definition of the new goodwill CGUs resulting from the acquisition of Gaz de France businesses was based on:

- management units and the associated levels of reporting;
- similarities between economic and legal environments;
- market maturity;
- any synergies identified between the assets concerned;
- the integration of value chains, particularly in terms of operating cash flow pooling arrangements.

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Goodwill resulting from the merger with Gaz de France was tested for impairment in 2009, based on these new goodwill CGUs. The goodwill represents expected synergies in terms of gas supply, non-energy purchases, operating and selling expenses and revenues, market share, development capacity, and other assets resulting from the merger that could not be recognized as an identifiable asset.

9.3 Main goodwill CGUs

The table below provides a breakdown of goodwill by CGU:

CGU *In millions of euros*	Operating segment	Dec. 31, 2009
MATERIAL CGUs		
Energy France	Energy France	2,857.6
Energy - Benelux & Germany	Energy Benelux & Germany	8,124.0
Midstream/Downstream	Global Gas & LNG	4,378.6
Distribution	Infrastructures	3,880.0
OTHER SIGNIFICANT CGUs		
Storage	Infrastructures	1,268.0
Transportation	Infrastructures	718.0
Energy - Central & Eastern Europe	Energy Europe	835.6
Energy - North America	Energy North America	630.7
Sita France	SUEZ Environnement	515.2
Agbar	SUEZ Environnement	643.8
OTHER CGUS *(INDIVIDUALLY LESS THAN €500 MILLION)*		**4,137.4**
TOTAL		27,989.0

9.4 Impairment tests

All goodwill cash-generating units (CGUs) are tested for impairment based on data as of end-June and on a review of events in the second half of the year. The recoverable amount of CGUs is determined using a number of different methods including discounted cash flows and the regulated asset base (RAB). The discounted cash flows method uses cash flows forecasts covering an explicit period of six years and resulting from the medium-term business plan approved by the Group's Management Committee. When the discounted cash flow method is used, the recoverable amount of the goodwill CGUs takes into account three scenarios ("low", "medium" and "high"). The medium scenario is usually preferred.

The recoverable amounts that result from applying these three scenarios are based on key assumptions such as discount rates.

The discount rates applied are determined on the basis of the weighted average cost of capital adjusted to reflect business, country and currency risks associated with each CGU reviewed. Discount rates correspond to risk-free market interest rates plus a country risk premium.

The post-tax rates used to measure the value in use of assets in the cash flow forecasts were between 4.1% and 11.5% in 2009 (between 5.0% and 9.9% in 2008).

9.4.1 Material CGUs

Except for the Energy France, Energy - Benelux & Germany, Midstream/Downstream and Distribution CGUs described below, no individual amount of goodwill allocated to CGUs represents more than 5% of the Group's total goodwill.

Based on events that are reasonably likely to occur as of the end of the reporting period, the Group considers that no goodwill impairment should be recorded and that any changes that are reasonably likely to occur in the key assumptions described below would not increase the carrying amount in excess of the recoverable amount.

Goodwill allocated to the Energy France CGU

The total amount of goodwill allocated to this CGU was €2.9 billion at December 31, 2009. The Energy France CGU includes a range of activities including the production of electricity, the sale of gas, electricity and associated services, and the provision of eco-friendly solutions for housing.

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The recoverable amount of the CGU is determined on the basis of the value in use of the group of assets, calculated primarily using cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee. The key assumptions used are related to the expected operating conditions according to the Group's Management Committee, in particular changes in regulatory rates, market prices, future market outlook and the applicable discount rates. The inputs used for each of these assumptions reflect past experience as well as best estimates of market prices.

The cash flows are projected either over the useful life of the underlying assets or over the term of the contracts associated with the activities of the entities included in the CGU.

The discount rates used range from 6.2% and 11.0% and reflect the weighted average cost of capital adjusted to reflect the business risks relating to the assets comprising the CGU.

An increase of 0.5% in the discount rate used would have a negative 21% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 23% impact on this calculation.

Goodwill allocated to the Energy - Benelux & Germany CGU

The total amount of goodwill allocated to this CGU was €8.1 billion at December 31, 2009. This CGU includes the Group's electricity production, sale and distribution activities in Belgium, the Netherlands, Luxembourg and Germany.

The annual review of this CGU's recoverable amount was based on its estimated value in use.

To estimate value in use, the Group uses cash flow projections based on financial forecasts approved by the Group's Management Committee covering a period of six years, and a discount rate of 7.1%. A terminal value was obtained by applying the average of (i) cash flows extrapolated beyond the six-year period using a growth rate equal to expected inflation (2%), and (ii) the EBITDA multiple for the European utilities sector applied to a normative EBITDA.

Key assumptions include the discount rate and expected trends in long-term prices for electricity and fuel. These inputs reflect the best estimates of market prices, while fuel consumption is estimated taking into account expected changes in production assets. The discount rates and multiples applied are consistent with available external sources of information.

An increase of 0.5% in the discount rate used would have a negative 27% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 32% impact on this calculation.

The impact of a decrease in average spreads of €2/MWh on the terminal value would have a negative impact of 30% on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount.

The impact of an increase in average spreads of €2/MWh on the terminal value would have a positive impact of 30% on this calculation.

Goodwill allocated to the Midstream/Downstream CGU

The total amount of goodwill allocated to this CGU was €4.4 billion at December 31, 2009. The Midstream/Downstream CGU includes Group entities that supply gas to the Group under supply contracts and by using organized markets, and markets energy offers and related energy services to the Group's largest customers in Europe.

The recoverable amount of the "Midstream/Downstream" CGU is also calculated on the basis of value in use, using the cash flow forecasts included in the six-year medium-term business plan approved by the Group's Management Committee. The discount rates applied to these forecasts range from 7.0% to 9.0% depending on business and country risks. The recoverable amount includes a terminal value for the period beyond the six years covered in the business plan, calculated by applying a long-term growth rate representing expected inflation (2%) to normative EBITDA in the last year of the forecasts.

The key assumptions notably include the discount rates, estimated hydrocarbon prices, changes in the euro/dollar exchange rate, the market outlook and the estimated upstream margin inherent to these activities. The inputs used reflect the best estimates of market prices and expected market trends.

An increase of 0.5% in the discount rate used would have a negative 36% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 42% impact on this calculation.

An 0.5% increase in the long-term growth rate used to determine the terminal value would have a positive 28% impact on the excess of the recoverable amount over the carrying amount. A 0.5% decrease in the long-term growth rate would have a negative 24% impact on this calculation. However, the recoverable amount would remain above the carrying amount.

Goodwill allocated to the Distribution CGU

The total amount of goodwill allocated to this CGU was €3.9 billion at December 31, 2009. The Distribution CGU includes the Group's gas distribution activities in France.

The recoverable amount of this CGU was calculated using a method based on the regulated asset base. The regulated asset base is the amount assigned by the regulator to assets operated by the distributor, and is the sum of future pre-tax cash flows, discounted at a rate equal to the pre-tax rate of return guaranteed by the regulator.

9.4.2 Other significant CGUs

The table below sets out the assumptions used to determine the recoverable amount of the other cash-generating units:

CGU	Operating segment	Measurement method	Discount rate
Energy - Central & Eastern Europe	Energy Europe	DCF	7.2% - 11.5%
Energy - North America	Energy North America	DCF	6.4% - 10.3%
Storage	Infrastructures	DCF	6.5%
Sita France	SUEZ Environnement	DCF	5.8%
Agbar	SUEZ Environnement	DCF + recent transactions	6.5%

9.5 Goodwill segment information

The carrying amount of goodwill can be analyzed as follows by operating segment:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Gaz de France	0.0	11,390.1
Energy France	2,857.6	1,104.1
Energy Europe & International	10,558.2	11,294.4
of which: Energy Benelux & Germany	*8,124.0*	*9,084.1*
Energy Europe	*1,376.9*	*727.6*
Energy North America	*630.7*	*1,064.7*
Energy Latin America	*30.5*	*25.5*
Energy Middle East, Asia & Africa	*396.0*	*392.6*
Global Gas & LNG	4,462.0	0.0
Infrastructures	5,955.0	0.0
Energy Services	1,072.8	786.9
SUEZ Environnement	3,082.3	2,910.1
Other	1.1	24.6
TOTAL	**27,989.0**	**27,510.1**

Following the reorganization resulting from the merger between Gaz de France and SUEZ, goodwill previously allocated to the Benelux & Germany operating segment was transferred to Energy France in line with the allocation of the related assets.

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NOTE 10 INTANGIBLE ASSETS, NET

10.1 Movements in intangible assets

In millions of euros	Intangible rights arising on concession contracts	Capacity entitlements	Other	Total
GROSS AMOUNT				
At December 31, 2007	**3,253.0**	**1,179.9**	**2,535.1**	**6,968.0**
Acquisitions	204.2	1,210.0	905.7	2,319.9
Disposals	(25.7)	0.0	(69.2)	(95.0)
Translation adjustments	17.1	0.0	(25.0)	(7.9)
Changes in scope of consolidation	114.9	0.0	5,310.9	5,425.8
Other	9.4	0.0	46.4	55.8
At December 31, 2008	**3,572.8**	**2,389.8**	**8,703.9**	**14,666.6**
Acquisitions	397.8	15.0	803.4	1,216.2
Disposals	(8.0)	0.0	(187.9)	(195.9)
Translation adjustments	5.8	0.0	(1.7)	4.1
Changes in scope of consolidation	240.8	0.0	281.6	522.4
Other	184.5	0.0	(79.3)	105.1
At December 31, 2009	**4,393.7**	**2,404.9**	**9,520.0**	**16,318.6**
ACCUMULATED AMORTIZATION AND IMPAIRMENT				
At December 31, 2007	**(1,456.6)**	**(555.2)**	**(1,458.5)**	**(3,470.4)**
Amortization and impairment	(140.8)	0.0	(414.5)	(555.3)
Disposals	20.5	0.0	61.0	81.4
Translation adjustments	(6.7)	0.0	(3.6)	(10.3)
Changes in scope of consolidation	(14.9)	0.0	(21.5)	(36.2)
Other	(7.1)	0.0	22.9	15.8
At December 31, 2008	**(1,605.5)**	**(555.2)**	**(1,814.3)**	**(3,975.0)**
Amortization and impairment	(162.2)	(85.8)	(677.1)	(925.0)
Disposals	4.0	0.0	83.8	87.8
Translation adjustments	3.4	0.0	8.9	12.2
Changes in scope of consolidation	(35.4)	0.0	(61.3)	(96.6)
Other	(16.5)	(24.4)	38.8	(2.1)
At December 31, 2009	**(1,812.2)**	**(665.3)**	**(2,421.2)**	**(4,898.7)**
CARRYING AMOUNT				
At December 31, 2007	**1,796.4**	**624.7**	**1,076.6**	**3,497.7**
At December 31, 2008	**1,967.3**	**1,834.7**	**6,889.6**	**10,691.6**
At December 31, 2009	**2,581.5**	**1,739.6**	**7,098.8**	**11,419.9**

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In 2009, acquisitions relate mainly to intangible rights arising on concession contracts in the SUEZ Environnement business line (€241.2 million) and on exploration licenses in Indonesia (€100.5 million) – transactions which formed part of the Remedies relating to the merger with Gaz de France described in note 2.2 – and on exploration licenses in Algeria (€103.8 million).

Disposals primarily reflect the sale of a 20% interest in the Alam El Shawish operating license in Egypt, which had a negative impact in the amount of €83.9 million.

Gross changes in the scope of consolidation resulting from the acquisition of Izgaz in Turkey and Nuove Acque in Italy increased the concession contracts line by €135.5 million and €46.8 million, respectively, while the change in the consolidation method for the Italy-based Reti group increased this line by €34.7 million. Gross changes in the scope of consolidation resulting from the acquisition of Wuppertal Stadtwerke Energie und Wasser in Germany and Nuove Acque in Italy increased the other intangible assets line by €63.3 million and €53.0 million, respectively, while the change in the consolidation method for the Reti group increased this line by €125.9 million.

Impairment losses totaling €209.0 million were recognized in the period, chiefly against operating and production licenses in the Gulf of Mexico and Libya.

In 2008, acquisitions related mainly to intangible assets arising on the merger with Gaz de France, consisting mainly of customer relationships, brands, and gas supply contracts. The fair value of these assets is disclosed in note 2.2.

10.1.1 Intangible rights arising on concession contracts

The Group manages a number of concessions as defined by SIC 29 (see note 22) covering drinking water distribution, water treatment, waste collection and treatment, and electricity distribution. The rights given to the Group as concession operator in respect of these infrastructures fall within the scope of IFRIC 12 and are accounted for as intangible assets in accordance with the intangible asset model.

10.1.2 Capacity entitlements

The Group was involved in financing the construction of several power stations operated by third parties and in consideration, received the right to purchase a share of the output over the useful life of the assets. These rights are amortized over the useful life of the underlying assets, not to exceed 40 years. The Group currently holds entitlements in the Chooz B power plant in France, the MKV and HKV plants in Germany, and the virtual power plant (VPP) in Italy.

10.1.3 Other

At end-2009, this caption chiefly relates to intangible assets acquired as a result of the merger with Gaz de France, essentially comprising the Gaz de France brand and customer relationships, as well as gas supply and water drawing rights contracts.

10.1.4 Non-amortizable intangible assets

Intangible assets that are not amortized because they have an indefinite useful life amounted to €782.5 million at December 31, 2009 (€703.2 million at end-2008). This caption relates mainly to water drawing rights and the Gaz de France brand recognized as part of the allocation of the cost of the business combination to the assets and liabilities of Gaz de France. Based on the impairment tests described in note 9, “Goodwill”, the Group considers that no impairment losses need to be recognized against these assets.

10.2 Research and development costs

Research and development activities primarily relate to various studies regarding technological innovation, improvements in plant efficiency, safety, environmental protection, service quality and the use of energy resources.

Research and development costs (excluding technical assistance costs) that do not meet the criteria for recognition as an intangible asset totaled €218 million in 2009 and €127 million in 2008.

Expenses related to in-house projects in the development phase that meet the definition of an intangible asset are not material.

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NOTE 11 PROPERTY, PLANT AND EQUIPMENT, NET

11.1 Movements in property, plant and equipment

In millions of euros	Land	Buildings	Plant and equipment	Vehicles	Dismantling costs	Assets in progress	Other	Total
GROSS AMOUNT								
At December 31, 2007	**1,864.0**	**5,646.0**	**33,414.6**	**1,619.2**	**898.8**	**2,284.1**	**2,385.4**	**48,111.9**
Acquisitions	77.0	102.4	2,018.0	164.8	0.0	4,553.9	88.3	7,004.4
Disposals	(48.6)	(83.8)	(270.7)	(103.3)	(3.1)	7.0	(72.5)	(575.0)
Translation adjustments	(149.7)	(417.0)	(998.1)	(62.3)	(53.5)	(120.6)	(9.8)	(1,811.1)
Changes in scope of consolidation	157.1	1,981.7	31,756.5	(10.8)	14.3	2,568.0	81.5	36,548.4
Other	54.7	47.2	2,804.0	40.0	145.0	(2,257.1)	(1,166.9)	(333.2)
At December 31, 2008	**1,954.3**	**7,276.5**	**68,724.3**	**1,647.6**	**1,001.4**	**7,035.3**	**1,306.0**	**88,945.5**
Acquisitions	104.0	99.7	1,590.9	122.7	0.0	6,473.9	76.1	8,467.3
Disposals	(70.0)	(58.3)	(1,192.5)	(104.0)	(21.0)	6.9	(46.6)	(1,485.5)
Translation adjustments	69.8	450.9	488.4	17.8	24.3	160.6	3.2	1,215.0
Changes in scope of consolidation	0.6	252.5	528.0	8.0	0.3	101.2	10.5	901.2
Other	278.0	194.4	3,862.7	30.9	66.6	(4,007.4)	(108.4)	316.7
At December 31, 2009	**2,336.6**	**8,215.8**	**74,001.7**	**1,723.0**	**1,071.7**	**9,770.4**	**1,240.9**	**98,360.0**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At December 31, 2007	**(902.3)**	**(2,024.1)**	**(19,767.7)**	**(1,082.5)**	**(663.3)**	**(40.6)**	**(1,034.3)**	**(25,514.8)**
Depreciation and impairment	(73.4)	(311.4)	(2,177.0)	(288.9)	(34.0)	(13.0)	(82.8)	(2,980.5)
Disposals	32.7	65.3	310.9	97.7	(0.9)	0.0	59.1	564.8
Translation adjustments	82.9	115.5	391.7	36.9	39.4	(1.1)	8.4	673.6
Changes in scope of consolidation	(4.4)	1.4	1,479.4	59.8	(6.3)	0.0	(18.6)	1,511.4
Other	0.1	52.6	(156.9)	139.6	(8.5)	21.6	233.6	282.2
At December 31, 2008	**(864.4)**	**(2,100.7)**	**(19,919.6)**	**(1,037.4)**	**(673.6)**	**(33.1)**	**(834.6)**	**(25,463.3)**
Depreciation and impairment	(91.4)	(378.0)	(3,595.1)	(159.7)	(56.2)	(141.2)	(87.6)	(4,509.1)
Disposals	46.8	51.5	890.6	96.6	10.6	2.4	41.5	1,140.1
Translation adjustments	(37.2)	(107.3)	(126.7)	(11.1)	(13.5)	1.0	(2.4)	(297.2)
Changes in scope of consolidation	2.9	8.1	193.3	(5.1)	0.0	0.0	(2.5)	196.7
Other	(12.7)	(31.9)	179.0	19.9	1.1	0.9	81.6	237.7
At December 31, 2009	**(956.0)**	**(2,558.2)**	**(22,378.4)**	**(1,096.9)**	**(731.6)**	**(170.0)**	**(804.0)**	**(28,695.2)**
CARRYING AMOUNT								
At December 31, 2007	**961.6**	**3,621.9**	**13,646.9**	**536.6**	**235.5**	**2,243.5**	**1,351.1**	**22,597.1**
At December 31, 2008	**1,089.9**	**5,175.8**	**48,804.7**	**610.2**	**327.8**	**7,002.2**	**471.4**	**63,482.0**
At December 31, 2009	**1,380.6**	**5,657.5**	**51,623.3**	**626.1**	**340.0**	**9,600.4**	**436.9**	**69,664.9**

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Net changes in the scope of consolidation had a €1,097.9 million impact on property, plant and equipment. These changes mainly reflect (i) the acquisition of conventional and hydroelectric power plants from E.ON (€72.1 million); (ii) the change in the consolidation method applied to the Italy-based Reti group (€583.0 million); (iii) the first-time consolidation of Evi within Sita Nederland in the Netherlands (€187.3 million); and (iv) the acquisitions of an interest in Wuppertal Stadtwerke Energie und Wasser in Germany (€133.1 million) and of Heron in Greece (€127.1 million).

Disposals totaled €345.4 million and result mainly from the agreements signed with SPE in respect of commitments made to the Belgian government ("Pax Electrica II") for €46.3 million, and to the asset swap between Electrabel and E.ON in the amount of €164.3 million.

The main impacts of exchange rate fluctuations on the gross amount of property, plant and equipment at December 31, 2009 chiefly consist of translation gains on the Brazilian real (€1,001.0 million), Norwegian krone (€256.9 million) and pound sterling (€100.9 million), and translation losses on the US dollar (€297.0 million).

Impairment losses in 2009 amounted to €227.4 million and were chiefly recognized against the project to build a coal power station in Germany, at Brunsbüttel/Stade (€113 million).

Assets relating to the exploration and production of mineral resources included in the table above are detailed in note 19, "Exploration & Production activities".

11.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amount to €2,596.5 million at December 31, 2009 versus €2,417.1 million at December 31, 2008.

11.3 Contractual commitments to purchase property, plant and equipment

In the ordinary course of their operations, some Group companies have entered into commitments to purchase, and the related third parties to deliver, property, plant and equipment. These commitments relate mainly to orders of equipment, vehicles and material required for the construction of energy production units (power and co-generation plants) and for service agreements.

Commitments made by the Group to purchase property, plant and equipment totaled €4,632.8 million at December 31, 2009 (€5,168.6 million at end-2008). The year-on-year decrease results chiefly from the decision to abandon the project for a second coal station at the Brunsbüttel/Stade site in Germany and to commitments complied with in respect of investment programs in the Energy Europe & International business line, partially offset by an increase in commitments relating to the project to construct a hydroelectric dam in Brazil (Jirau).

11.4 Other information

Borrowing costs included in the cost of property, plant and equipment amounted to €249.2 million at December 31, 2009 and €97.6 million at end-2008.

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NOTE 12 INVESTMENTS IN ASSOCIATES

12.1 Breakdown of investments in associates

	Carrying amount of investments in associates		Share in net income (loss) of associates	
In millions of euros	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Belgian inter-municipal companies	510.2	670.4	190.4	174.8
Elia	(85.5)	(85.1)	23.4	26.7
Fluxys	242.0	240.4	57.4	31.0
Gasag	462.8	460.9	19.3	27.8
GTT	132.0	244.8	7.7	28.0
Reti Italia		277.0		1.0
SPE group		515.0		(2.0)
Other	914.1	780.9	104.6	31.0
TOTAL	**2,175.6**	**3,104.3**	**402.9**	**318.3**

The Reti Italia group was fully consolidated with effect from January 1, 2009, while the SPE group was sold in the first half of 2009 as part of the Remedies relating to the merger between Gaz de France and SUEZ.

The sharp fall in the value of the Group's interest in inter-municipal companies reflects capital decreases as well as the reduction of the Group's shareholdings in inter-municipal companies in the Walloon region.

Dividends received by the Group from its associates amounted to €376.2 million in 2009 (€358.1 million in 2008).

Goodwill recognized by the Group on acquisitions of associates is also included in "Investments in associates" for a net amount of €280.3 million (€311.0 million at December 31, 2008).

12.2 Fair value of investments in listed associates

The net carrying amount of investments in listed associates Elia and Fluxys is €156.5 million at December 31, 2009 (€155.3 million at December 31, 2008). The market value of these companies at year-end 2009 is €936.4 million, compared with €885.3 million at year-end 2008.

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12.3 Key figures of associates

In millions of euros	Latest % interest	Total assets	Liabilities	Equity	Revenues	Net income
At December 31, 2009						
Belgian inter-municipal companies[(a)(b)]		11,671.0	5,911.0	5,760.0	2,493.0	681.0
Elia	24.4	4,420.0	3,052.9	1,367.1	771.3	84.3
Fluxys[(b)(c)]	38.5	2,664.4	1,377.8	1,286.6	592.2	111.0
GTT	40.0	133.4	58.7	74.7	141.7	65.6
At December 31, 2008						
Belgian inter-municipal companies[(a)(d)]		11,400.0	5,759.0	5,641.0	2,526.0	824.0
Elia	24.4	4,228.1	2,878.4	1,349.7	734.0	101.4
Fluxys[(c)]	44.8	2,664.4	1,377.8	1,286.6	592.2	111.0
GTT[(e)]	40.0	238.0	70.0	168.0	251.0	160.0
Reti Italia[(e)]	70.5	957.0	491.0	466.0	143.0	11.0
SPE group[(e)]	25.5	1,830.0	794.0	1,036.0	2455.0	22.0

(a) Based on the combined financial data of the Belgian inter-municipal companies, which have been restated in accordance with IFRS.
(b) The latest available data at the reporting date concerns 2008.
(c) Based on data published by Fluxys prepared in accordance with Fluxys' accounting policies.
(d) The latest available data at the reporting date concerns 2007.
(e) Corresponding to data for full-year 2008, and not from July 22, 2008.

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NOTE 13 INVESTMENTS IN JOINT VENTURES

Contributions of the main joint ventures to the Group's consolidated financial statements are as follows:

In millions of euros	Consolidation percentage	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net income (loss)
At December 31, 2009							
EFOG	22.5	130.9	348.2	13.3	173.1	148.4	58.6
Energia Sustentavel Do Brasil	50.1	120.9	471.9	21.7	69.3	0.0	4.4
Acea/Electrabel group	40.6[a]	416.9	717.8	681.1	157.5	1,102.9	(2.0)
Hisusa group	51.0[b]	947.9	2,886.0	938.8	1,026.2	1,696.5	26.7
SPP group	24.5	244.5	1,644.3	115.2	198.6	660.9	137.8
WSW Energie und Wasser	33.1	58.8	305.3	44.5	45.8	185.6	7.5
Senoko	30.0	76.9	653.0	34.4	130.7	373.6	6.3
Sociedad GNL Mejillones	50.0	20.0	170.7	143.4	51.2	0.0	(56.2)
Tirreno Power	35.0	126.9	565.1	131.6	415.9	318.7	32.7
At December 31, 2008							
EFOG	22.5	144.6	134.2	2.4	61.3	105.0	70.0
Gaselys	51.0	3,662.0	8.5	3,885.0	15.0	98.0	57.0
Acea/Electrabel group	40.6[a]	515.6	762.7	810.9	165.5	1,298.8	(17.1)
Hisusa group	51.0[b]	1,170.7	2,624.1	1,152.9	733.3	1,623.3	126.6
SPP group	24.5	257.0	1,986.0	105.9	150.1	366.0	71.0
Senoko	30.0	80.9	650.7	141.1	65.1	143.7	6.2
Tirreno Power	35.0	120.1	543.8	125.4	392.0	396.0	30.2

(a) Consolidation percentage applicable to the holding companies.
(b) Agbar and its controlled subsidiaries are fully consolidated by the Hisusa group, which is proportionately consolidated by GDF SUEZ based on a 51% interest.

Gaselys was fully consolidated with effect from January 1, 2009.

Energia Sustentavel Do Brasil, which was proportionately consolidated based on a 50.1% interest, is managing the construction of the Jirau hydro-electric project representing a total capacity of 3,300 MW.

Wuppertal Stadtwerke Energie und Wasser AG, which is proportionately consolidated based on a 33.1% interest, was acquired on January 21, 2009 from WSW GmbH.

Sociedad GNL Mejillones, which is proportionately consolidated based on a 50% interest, was created in view of the construction and management of the gas terminal at Mejillones in Chile.

NOTE 14 FINANCIAL INSTRUMENTS

14.1 Financial assets

The Group's financial assets are broken down into the following categories:

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Available-for-sale securities	3,562.9		3,562.9	3,309.0		3,309.0
Loans and receivables carried at amortized cost	3,125.1	25,620.9	28,746.0	3,575.4	28,556.7	32,132.1
Loans and receivables carried at amortized cost (excluding trade and other receivables)	*2,426.2*	*947.1*	*3,373.3*	*2,303.5*	*1,346.4*	*3,650.0*
Trade and other receivables, net		*19,748.5*	*19,748.5*		*22,729.3*	*22,729.3*
*Other assets**	*698.8*	*4,925.4*	*5,624.2*	*1,271.8*	*4,481.0*	*5,752.8*
Financial assets at fair value through income	1,926.7	9,084.9	11,011.5	2,893.4	10,208.8	13,102.2
Derivative instruments	*1,926.7*	*7,404.9*	*9,331.5*	*2,893.4*	*9,439.9*	*12,333.3*
Financial assets at fair value through income (excluding derivatives)		*1,680.0*	*1,680.0*		*768.9*	*768.9*
Cash and cash equivalents		10,323.8	10,323.8		9,049.3	9,049.3
TOTAL	**8,614.7**	**45,029.6**	**53,644.2**	**9,777.8**	**47,814.8**	**57,592.6**

** Other assets do not include amounts relating to the drawing rights in nuclear power plants in Germany acquired from E.ON.*

14.1.1 Available-for-sale securities

In millions of euros	
At December 31, 2007	**4,120.7**
Acquisitions	475.1
Disposals, net	(96.0)
Changes in fair value recorded in equity	(612.0)
Changes in fair value recorded in income	(566.3)
Changes in scope of consolidation, foreign currency translation and other changes	(12.6)
At December 31, 2008	**3,309.0**
Acquisitions	879.3
Disposals, net	(546.1)
Changes in fair value recorded in equity	(23.4)
Changes in fair value recorded in income	(66.1)
Changes in scope of consolidation, foreign currency translation and other changes	10.2
At December 31, 2009	**3,562.9**

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The Group's available-for-sale securities amounted to €3,562.9 million at December 31, 2009, breaking down as €1,404.3 million of listed securities and €2,158.6 million of unlisted securities.

Acquisitions during the period relate mainly to shares subscribed as part of the capital increase carried out by Gas Natural for €308 million, representing an amount of €7.82 per share, as well as acquisitions by Synatom of various SICAV money market funds and bonds in connection with its investment obligations and following the repayment of the amount owed by ESO/Elia (see note 14.1.2).

Sales for the period mainly include the sale of Gas Natural shares in the last quarter of 2009 for €451.2 million, generating a capital gain of €21.1 million.

Changes in fair value recognized in income relate to the Group's interest in Gas Natural, on which an additional €33 million write-down was taken following the drop in the share price from €19.20 to €12.90 over the first six months of 2009. In response to the upturn in the Gas Natural share price in the second half of the year, the Group recognized a positive €102.7 million change in fair value against equity. In 2008, most impairment losses recognized concerned Gas Natural shares (€513 million).

The Group reviewed the value of its available-for-sale securities on a case-by-case basis, in order to determine whether, in light of the current market environment, any impairment losses should be recognized.

An example of an impairment indicator for listed securities is when the value of any such security falls below 50% of its historical cost or remains below its historical cost for more than 12 months.
A fall of 10% in the market price of listed shares would have a negative impact of around €140 million on the Group's comprehensive income.

The Group's main unlisted security is its interest in Atlantic LNG, which is measured based on the present value of future dividends and cash flows. The main assumptions affecting the measurement of these unlisted securities are production volumes and energy prices. A 10% change in the overall value of the Atlantic LNG share price would impact only equity, for an amount of €57.4 million.

The Group considers that no available-for-sale securities other than Gas Natural shares have suffered a significant decline in value.

Gains and losses on available-for-sale securities recognized in equity or income were as follows:

		Remeasurement post acquisition			
In millions of euros	Dividends	Change in fair value	Foreign currency translation	Impairment	Net gains (losses) on disposals
Equity*	-	(23.4)	(17.1)	-	-
Income	228.7			(66.1)	101.3
TOTAL AT DECEMBER 31, 2009	**228.7**	**(23.4)**	**(17.1)**	**(66.1)**	**101.3**
Equity*	-	(690.0)	28.4	-	-
Income	219.6	(25.4)		(540.9)	42.3
TOTAL AT DECEMBER 31, 2008	**219.6**	**(715.4)**	**28.4**	**(540.9)**	**42.3**
Equity*	-	374.1	58.2	-	-
Income	202.4	25.4		(40.1)	(59.1)
TOTAL AT DECEMBER 31, 2007	**202.4**	**399.5**	**58.2**	**(40.1)**	**(59.1)**

* *Excluding the tax effect.*

Gains and losses initially recognized in equity and reclassified to income in 2009 under "Disposals of assets and other", total €59 million.

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14.1.2 Loans and receivables at amortized cost

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Loans and receivables carried at amortized cost (excluding trade and other receivables)	2,426.2	947.1	3,373.3	2,303.5	1,346.4	3,650.0
Loans granted to affiliated companies	*1,735.6*	*658.4*	*2,394.1*	*1,444.2*	*1,254.7*	*2,698.9*
Other receivables carried at amortized cost	*34.6*		*34.6*	*21.0*		*21.0*
Amounts receivable under concession contracts	*202.3*	*116.4*	*318.7*	*298.4*	*19.5*	*317.9*
Amounts receivable under finance leases	*453.7*	*172.3*	*625.9*	*539.9*	*72.2*	*612.1*
Trade and other receivables, net		19,748.5	19,748.5		22,729.3	22,729.3
Other assets	698.8	4,925.4	5,624.2	1,271.8	4,481.0	5,752.8
Reimbursement rights	*143.1*	*0.0*	*143.1*	*405.1*	*38.6*	*443.7*
Tax receivables		*3,268.9*	*3,268.9*		*2,818.8*	*2,818.8*
Other receivables	*555.7*	*1,656.5*	*2,212.2*	*866.8*	*1,623.6*	*2,490.4*
TOTAL	**3,125.1**	**25,620.9**	**28,746.0**	**3,575.4**	**28,556.7**	**32,132.1**

The table below shows impairment losses taken against loans and receivables carried at amortized cost:

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Gross	Allowances and impairment	Net	Gross	Allowances and impairment	Net
Loans and receivables carried at amortized cost (excluding trade and other receivables)	3,836.8	(463.5)	3,373.3	4,124.3	(474.4)	3,650.0
Trade and other receivables	20,915.4	(1,166.9)	19,748.5	23,709.0	(979.7)	22,729.3
Other assets	5,741.7	(117.5)	5,624.2	5,897.4	(132.9)	5,752.8
TOTAL	**30,493.9**	**(1,747.9)**	**28,746.0**	**33,730.7**	**(1,587.0)**	**32,132.1**

Net gains and losses recognized in the consolidated income statement with regard to loans and receivables carried at amortized cost break down as follows:

		Remeasurement post acquisition	
In millions of euros	Interest income	Foreign currency translation	Impairment
At December 31, 2009	**186.3**	**(51.9)**	**(208.5)**
At December 31, 2008	245.0	7.4	(363.8)

Loans and receivables at amortized cost (excluding trade and other receivables)

"Loans granted to affiliated companies" include the receivable due to the Group from its associate ESO/Elia amounting to €453.4 million at December 31, 2009 and €808.4 million at December 31, 2008.

At December 31, 2009, no material impairment losses had been recognized against loans and receivables at amortized cost (excluding trade and other receivables). In light of the market environment and the financial position of some of its counterparties in 2008, the Group had recognized total impairment losses of €129.3 million against its financial assets, with the aim of reducing

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their carrying amount to their recoverable amount as estimated based on observable market data.

Trade and other receivables

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. The carrying amount of trade and other receivables represents a reasonable estimate of fair value.

Impairment losses recognized against trade and other receivables amounted to €1,166.9 million at end-2009 compared with €979.7 million at end-2008. The increase in this caption results from impairment recognized in the period for €183.4 million (€234.5 million in 2008), reflecting falling commodity prices and the economic situation in Europe.

Other assets

Other assets at December 31, 2009 include reimbursement rights comprising:

- in 2009 and 2008, insurance policies for €143.1 million and €147.2 million respectively, taken out with Contassur, a related party, in order to finance certain Group pension obligations;
- in 2008, Electrabel's reimbursement rights relating to pension obligations for employees of the distribution business of Walloon inter-municipal companies (€296.5 million, including a current portion of €35.5 million). These reimbursement rights reflect the fact that Electrabel made its personnel available to the inter-municipal companies for the day-to-day operation of the networks. All related personnel costs (including pension costs) were billed by Electrabel to the inter-municipal companies based on actual costs. Electrabel's pension obligations regarding these employees were included within liabilities under provisions for pensions and other employee benefit obligations. The matching entry was a reimbursement right in respect of the inter-municipal companies for a similar amount. As the activity in question has been sold, these reimbursement rights no longer exist.

14.1.3 Financial assets at fair value through income

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivative instruments	1,926.7	7,404.9	9,331.5	2,893.4	9,439.9	12,333.3
Derivatives hedging borrowings	*938.6*	*114.8*	*1,053.4*	*964.9*	*146.5*	*1,111.4*
Derivatives hedging commodities	*961.5*	*7,252.0*	*8,213.5*	*1,762.3*	*9,217.7*	*10,980.0*
Derivatives hedging other items	*26.6*	*38.1*	*64.7*	*166.2*	*75.7*	*241.9*
Financial assets at fair value through income (excluding derivatives)	0.0	1,608.7	1,608.7	0.0	768.9	768.9
Financial assets qualifying as at fair value through income		*1,559.6*	*1,559.6*		*720.8*	*720.8*
Financial assets designated as at fair value through income		*49.2*	*49.2*		*48.1*	*48.1*
Cash collateral on derivatives hedging borrowings		71.3	71.3			
TOTAL	**1,926.7**	**9,084.9**	**11,011.5**	**2,893.4**	**10,208.8**	**13,102.2**

Derivative instruments are put in place as part of the Group's risk management policy and are analyzed in note 15.

Financial assets qualifying as at fair value through income are mainly UCITS held for trading purposes and intended to be sold in the near term. They are included in the calculation of the Group's net debt (see note 14.3).

Gains on financial assets held for trading purposes totaled €25.7 million in 2009.

Gains and losses arising in the year on financial assets at fair value through income were not material.

14.1.4 Cash and cash equivalents

Cash and cash equivalents totaled €10,323.8 million at December 31, 2009 (€9,049.3 million at December 31, 2008).

This caption includes €149.3 million of restricted cash at end-2009 compared with €184.4 million at end-2008.

Income recognized in respect of cash and cash equivalents came to €148.9 million for the year to December 31, 2009.

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14.1.5 Financial assets pledged as collateral

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Financial assets pledged as collateral	2,004.9	1,084.5

This item includes equity instruments and, to a lesser extent, trade receivables pledged to guarantee borrowings and debt.

14.2 Financial liabilities

Financial liabilities are recognized in:

- “Other liabilities carried at amortized cost” (borrowings and debt, trade and other payables, and other financial liabilities);
- “Financial liabilities at fair value through income” (derivative instruments).

The Group’s financial liabilities are classified within the following categories at December 31, 2009:

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	32,154.8	10,117.4	42,272.2	24,200.4	14,641.0	38,841.4
Derivative instruments	1,791.9	7,169.6	8,961.4	2,889.6	9,472.4	12,362.0
Trade and other payables	-	16,594.4	16,594.4	-	17,914.7	17,914.7
Other financial liabilities	911.4	-	911.4	859.1	-	859.1
TOTAL	**34,858.1**	**33,881.4**	**68,739.4**	**27,949.1**	**42,028.1**	**69,977.2**

14.2.1 Borrowings and debt

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bond issues	20,605.6	1,060.1	21,665.7	11,292.5	2,426.1	13,718.6
Commercial paper		4,272.7	4,272.7		8,665.5	8,665.5
Drawdowns on credit facilities	259.5	920.1	1,179.6	2,688.5	428.4	3,116.9
Liabilities under finance leases	1,241.4	156.4	1,397.7	1,347.4	185.0	1,532.4
Other bank borrowings	7,832.0	1,663.1	9,495.1	7,151.1	807.5	7,958.6
Other borrowings	1,479.2	163.3	1,642.5	1,549.8	504.8	2,054.6
TOTAL BORROWINGS	**31,417.8**	**8,235.6**	**39,653.3**	**24,029.3**	**13,017.3**	**37,046.6**
Bank overdrafts and current accounts		1,357.4	1,357.4		1,223.2	1,223.2
OUTSTANDING BORROWINGS	**31,417.8**	**9,592.9**	**41,010.7**	**24,029.3**	**14,240.5**	**38,269.8**
Impact of measurement at amortized cost	636.1	244.1	880.2	113.6	305.9	419.5
Impact of fair value hedge	100.9	91.7	192.6	57.5	94.6	152.1
Cash collateral on derivatives hedging borrowings		188.6	188.6			
BORROWINGS AND DEBT	**32,154.8**	**10,117.4**	**42,272.2**	**24,200.4**	**14,641.0**	**38,841.4**

The fair value of gross borrowings and debt amounted to €41,671.8 million at December 31, 2009, compared with a carrying amount of €42,272.2 million.

Gains and losses on borrowings and debt recognized in income (mainly comprising interest) are detailed in note 6.

Borrowings and debt are analyzed in Note 14.3.

14.2.2 Derivative instruments

Derivative instruments recorded in liabilities are measured at fair value and break down as follows:

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	636.7	115.1	751.8	790.8	234.0	1,024.9
Derivatives hedging commodities	1,085.2	7,031.0	8,116.2	2,025.2	9,169.2	11,194.4
Derivatives hedging other items	69.9	23.5	93.4	73.6	69.1	142.7
TOTAL	**1,791.9**	**7,169.6**	**8,961.4**	**2,889.6**	**9,472.4**	**12,362.0**

These instruments are put in place as part of the Group's risk management policy and are analyzed in Note 15.

14.2.3 Trade and other payables

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Trade payables	12,939.8	14,482.8
Advances and down-payments received	1,155.8	1,019.8
Payable on fixed assets	1,853.9	1,743.8
Concession liabilities	11.9	22.7
Capital renewal and replacement liabilities	633.0	645.7
TOTAL	**16,594.4**	**17,914.7**

The carrying amount of trade and other payables represents a reasonable estimate of fair value.

14.2.4 Other financial liabilities

Other financial liabilities break down as follows:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Payables related to acquisitions of securities	775.0	722.7
Other	136.4	136.4
TOTAL	**911.4**	**859.1**

Other financial liabilities chiefly relate to liabilities in respect of various counterparties resulting from put options granted by the Group to minority shareholders of fully consolidated companies. These commitments to purchase equity instruments from minority shareholders have therefore been recognized under liabilities (see Note 1.4.11.2), and concern:

- 49% of the capital of Gaselys in 2009;
- 33.20% of the capital of Compagnie Nationale du Rhône (CNR) in 2009 and 2008;
- 43.16% of the capital of Compagnie du Vent in 2009 and 2008;
- 40% of the capital of Energie Investimenti in 2008.

Minority shareholders of CNR may only exercise their options if the French "Murcef" law is abolished. Minority shareholders of Compagnie du Vent may exercise their options in several phases beginning in 2011.

The Group also holds call options on these shares as part of agreements entered into by the parties.

14.3 Net debt

	Dec. 31, 2009			Dec. 31, 2008		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Outstanding borrowings and debt	31,417.8	9,592.9	41,010.6	24,029.3	14,240.5	38,269.8
Impact of measurement at amortized cost	636.1	244.1	880.2	113.6	305.9	419.5
Impact of fair value hedge[(a)]	100.9	91.7	192.6	57.5	94.6	152.1
Cash collateral		188.6	188.6			
BORROWINGS AND DEBT	**32,154.8**	**10,117.4**	**42,272.1**	**24,200.4**	**14,641.0**	**38,841.4**
Derivative instruments hedging borrowings under liabilities[(b)]	636.7	115.1	751.8	790.8	234.0	1,024.9
GROSS DEBT	**32,791.5**	**10,232.5**	**43,024.0**	**24,991.2**	**14,875.1**	**39,866.4**
Financial assets at fair value through income	0.0	(1,608.7)	(1,608.7)	0.0	(768.9)	(768.9)
Cash collateral		(71.3)	(71.3)			
Cash and cash equivalents	0.0	(10,323.8)	(10,323.8)	0.0	(9,049.3)	(9,049.3)
Derivative instruments hedging borrowings under assets[(b)]	(938.6)	(114.8)	(1,053.4)	(964.9)	(146.5)	(1,111.4)
NET CASH	**(938.6)**	**(12,118.5)**	**(13,057.1)**	**(964.9)**	**(9,964.7)**	**(10,929.6)**
NET DEBT	**31,852.9**	**(1,886.1)**	**29,966.8**	**24,026.3**	**4,910.4**	**28,936.8**
Outstanding borrowings and debt	31,417.8	9,592.9	41,010.6	24,029.3	14,240.5	38,269.8
Financial assets at fair value through income	0.0	(1,608.7)	(1,608.7)	0.0	(768.9)	(768.9)
Cash and cash equivalents	0.0	(10,323.8)	(10,323.8)	0.0	(9,049.3)	(9,049.3)
NET DEBT EXCLUDING THE IMPACT OFDERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**31,417.8**	**(2,339.6)**	**29,078.1**	**24,029.3**	**4,422.3**	**28,451.6**

(a) This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.

(b) This item represents the fair value of debt-related derivatives irrespective of whether or not they are designated as hedges. It also includes instruments qualifying as net investment hedges (see Notes 14.1.3 and 14.2.2).

14.3.1 Main debt issues during the period

In 2009, the GDF SUEZ Group carried out a series of bond issues for a total of €10,085 million, mainly comprising:

- an issue of €4.2 billion consisting of three tranches:
  - a 3-year tranche for €1.75 billion, maturing on January 16, 2012 and paying interest of 4.375%,
  - a 7-year tranche for €1.5 billion, maturing on January 18, 2016 and paying interest of 5.625%,
  - a 12-year tranche for €1 billion, maturing on January 18, 2021 and paying interest of 6.375%;
- an issue of €2.1 billion consisting of two tranches:
  - a 5-year tranche for €1.3 billion, maturing on April 8, 2014 and paying interest of 4.875%,
  - a 10-year tranche for €800 million, maturing on April 8, 2019 and paying interest of 6.25%;
- a public issue of €750 million on Belgian and Luxembourg markets. These bonds were issued at 102% of par for a 6-year term. They mature on February 23, 2015 and pay interest of 5%;
- an issue of £700 million maturing on February 11, 2021 and paying interest of 6.125%;
- an 8-year issue of €250 million maturing on June 8, 2017 and paying interest of 5.20%;
- an issue of €500 million maturing on July 22, 2024 and paying interest of 5.50%;
- an issue of €150 million maturing on October 12, 2017 and paying interest of 4.50%;
- an issue of JPY 65 billion maturing on December 15, 2014 and paying interest of 1.17%.

As part of the Group's risk management policy, these bond issues are hedged to reduce exposure to changes in interest rates and exchange rates. The sensitivity of the Group's debt (including interest rate and foreign currency derivatives) to interest rate and currency risk is presented in Note 15, "Management of risks arising from financial instruments".

The Group did not restructure its debt in 2009.

Changes in the scope of consolidation in 2009 led to a €725 million increase in net debt. Foreign currency translation increased net debt by €337 million.

14.3.2 Debt/equity ratio

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Net debt	29,966.8	28,936.8
Total equity	65,526.6	62,818.3
Debt/equity ratio	45.7%	46.1%

NOTE 15 MANAGEMENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group mainly uses derivative instruments to manage its exposure to counterparty, liquidity and market risks.

15.1 Management of risks arising from financial instruments (excluding commodity instruments)

15.1.1 Fair value of financial instruments (excluding commodity instruments)

15.1.1.1 Financial assets

The table below presents the allocation of financial instruments (excluding commodity derivatives) carried in assets by fair value level. A definition of the various levels in the fair value hierarchy is provided in note 1.4.11:

	Dec. 31, 2009			
In millions of euros	Total	Level 1	Level 2	Level 3
Available-for-sale securities	3,562.9	1,404.3		2,158.6
Loans and receivables at amortized cost used in designated fair value hedges	269.9	0.0	269.9	0.0
Loans and receivables at amortized cost (excluding trade and other receivables)	*269.9*		*269.9*	
Derivative instruments	1,118.0	0.0	1,100.0	18.0
Derivatives hedging borrowings	*1,053.4*		*1,035.4*	*18.0*
Derivatives hedging other items	*64.7*		*64.7*	
Financial assets at fair value through income	1,608.7	1,339.6	269.1	0.0
Financial assets qualifying as at fair value through income	*1,559.6*	*1,339.6*	*220.0*	
Financial assets designated as at fair value through income	*49.2*		*49.2*	
TOTAL	**6,559.6**	**2,743.9**	**1,639.1**	**2,176.6**

Available-for-sale securities

Listed securities as they are measured at their market price at the end of the reporting period are included in level 1.

Unlisted securities as they are measured using valuation models based primarily on recent market transactions, the present value of dividends/cash flows or net asset value are included in level 3.

Loans and receivables at amortized cost (excluding trade and other receivables)

Loans and receivables at amortized cost (excluding trade and other receivables) comprise items used in designated fair value hedges. The fair value of these items is measured based on observable interest rate and foreign exchange rate inputs and are therefore included in level 2.

Derivative instruments

The derivative instruments used by the Group to manage its risk exposure mainly include interest rate and currency swaps and options, cross currency swaps and credit default swaps. The fair value of virtually all of these instruments is determined using internal valuation models based on observable market data. They are therefore included in level 2.

The maturity of some interest rate hedges falls after the observable interest rate period. Accordingly, these instruments are included in level 3 of the fair value hierarchy.

Financial assets qualifying and designated as at fair value through income

Financial assets qualifying as at fair value through income for which the Group has regular liquid values are included in level 2.

Financial assets designated as at fair value through income are included in level 2.

At December 31, 2009, the change in level 3 financial assets (excluding commodity derivatives) can be analyzed as follows:

In millions of euros	Available-for-sale securities
At December 31, 2008	**2,237.7**
Gains and losses recorded in income	(33.0)
Gains and losses recorded in equity	(57.9)
Acquisitions	81.0
Disposals	65.2
Changes in scope of consolidation, foreign currency translation and other changes	(134.4)
At December 31, 2009	**2,158.6**
Gains and losses recorded in income relating to instruments held at the end of the period	117.4

The sensitivity of the main unlisted security is described in note 14.1.1.

15.1.1.2 Financial liabilities

The table below presents the allocation of financial instruments (excluding commodity derivatives) carried in liabilities. A definition of the various levels in the fair value hierarchy is provided in note 1.4.11:

	Dec. 31, 2009			
In million of euros	Total	Level 1	Level 2	Level 3
Borrowings used in designated fair value hedges	8,295.5		8,295.5	
Derivative instruments	845.2	0.0	845.2	0.0
Derivatives hedging borrowings	751.8		751.8	
Derivatives hedging other items	93.4		93.4	
TOTAL	**9,140.7**	**0.0**	**9,140.7**	**0.0**

Borrowings and debt

This caption includes bonds used in designated fair value hedges. As the fair value of these items is measured based on observable interest rate and foreign exchange rate inputs, these bonds are included in level 2.

See note 15.1.1.1 for disclosures on derivative instruments.

15.1.2 Counterparty risk

The Group is exposed to counterparty risk on its operating activities, cash investing activities and interest rate, foreign exchange and commodity derivatives.

Operating activities

The management of counterparty risk arising on the sale of energy to residential customers is an integral part of managing working capital and monitoring bad debt indicators and provisioning requirements.

For the Group's other segments, counterparty risk is governed by the hedging policies approved by the executive management teams of the business lines concerned. These policies were fleshed out and aligned with the Group's counterparty risk management policy as approved by Executive Management in April 2009, which requires each of the Group's main energy counterparties to be assigned a credit rating.

In each of the business lines concerned, executive management teams appoint a risk control committee (or several such committees, depending on the geographical reach of the business line) which is independent from the front office. These committees supervise and control risks and the strategies in place to reduce the business line's exposure to counterparty risk. Compliance with the Group's hedging policies is verified on a regular basis. Counterparty risk management is reinforced by second-tier controls carried out by the Finance division. The Group's exposure to its main energy counterparties is consolidated and monitored on a quarterly basis within the scope

of the Energy Market Risk Committee (CRME), which also ensures that the exposure limits set for these counterparties are respected.

Counterparty risk arising on all trading and portfolio management activities and industrial customers consuming large quantities of energy (more than 150 GWh/year for gas and 100 GWh/year for electricity), is consolidated by the Group and broken down into two main sources of risk:

- payment risk, corresponding to unpaid physical deliveries of energy (energy delivered but unbilled, energy billed but unpaid, and energy delivered before cut-off);
- replacement risk, corresponding to the cost of replacing a contract in default (mark-to-market).

The credit quality of this portfolio is assessed by analyzing the concentration of counterparties by rating category.

Past-due trade and other receivables are analyzed below:

In millions of euros	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
Trade and other receivables	**0-6 months**	**6-12 months**	**More than 1 year**	**Total**	**Total**	**Total**	**Total**
At December 31, 2009	1,085.6	304.7	176.8	1,567.0	1,447.2	17,900.5	20,914.8
At December 31, 2008	3,370.8	354.7	328.6	4,054.1	980.4	18,674.4	23,709.0

The age of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group does business (private corporations, individuals or public authorities). The Group decides whether or not to recognize impairment on a case-by-case basis according to the characteristics of the customer concerned. The Group does not consider that it is exposed to any material concentration of risk in respect of receivables.

Financing activities

For its financing activities, the Group has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) risk exposure limits.

The Group also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls).

The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the Group's Treasury department and reports to the Finance division.

The Group's maximum exposure to counterparty risk should be assessed based on the carrying amount of financial assets (excluding available-for-sale securities) and on the fair value of derivatives recognized within assets in its statement of financial position.

Counterparty risk arising from loans and receivables at amortized cost (excluding trade and other receivables)

The balance of outstanding past-due loans and receivables at amortized cost (excluding trade and other receivables) is analyzed below:

Loans and receivables at amortized cost (excluding trade and other receivables)	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	**0-6 months**	**6-12 months**	**More than 1 year**	**Total**	**Total**	**Total**	**Total**
At December 31, 2009	15.0	2.0	10.0	27.0	463.5	3,344.9	3,835.4
At December 31, 2008	666.1	64.3	18.3	748.7	531.5	2,895.2	4,175.3

The balance of outstanding loans and receivables carried at amortized cost (excluding trade and other receivables) does not include impairment losses or changes in fair value and in amortized cost, which came to the respective amounts of €(463.5) million, €(4.6) million, and €6.0 million for the year to December 31, 2009, versus €(474.4) million, €(64.8) million and €13.9 million, respectively, for the year to December 31, 2008. Changes in these items are presented in note 14.1.2 – "Loans and receivables carried at amortized cost".

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Counterparty risk arising from investing activities

The Group is exposed to credit risk arising from investments of surplus cash (excluding loans to non-consolidated companies) and from its use of derivative financial instruments. Credit risk reflects the risk that one party to a transaction will cause a financial loss for the other party by failing to discharge a contractual obligation. In the case of financial instruments, credit risk arises on instruments with a positive fair value.

At December 31, 2009, total outstandings exposed to credit risk amounted to €12,986 million. Investment grade counterparties (rated at least BBB- by Standard & Poor's or Baa3 by Moody's) represent 84% of the exposure. The remaining exposure arises on either unrated (15%) or non-investment grade counterparties (1%). The bulk of exposure to unrated or non-investment grade counterparties arises within consolidated companies comprising minority interests, or within Group companies operating in emerging countries, where cash cannot be pooled and is therefore invested locally.

At December 31, 2009, no single counterparty represented more than 13% of cash investments.

Counterparty risk arising from other assets

Other assets, including tax receivables and reimbursement rights, are neither past due nor impaired. The Group does not consider that it is exposed to any counterparty risk on these assets (see note 14.1.2).

15.1.3 Liquidity risk

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The centralization of financing needs and cash flow surpluses for the Group is provided by its financing vehicles (long-term and short-term) and its cash pooling vehicles.

Short-term cash requirements and cash surpluses are managed by dedicated financial vehicles in France, Belgium and Luxembourg for Europe, and in the United States for North America. These vehicles centralize virtually all of the cash requirements and surpluses of companies controlled by the Group, ensuring that counterparty risk and investment strategies are managed consistently.

The Group seeks to diversify its long-term sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term notes program. It also issues commercial paper in France and Belgium, as well as in the United States.

Since the merger, long-term capital markets have been accessed chiefly by the parent company GDF SUEZ in connection with the Group's new bond issues, and by GDF SUEZ and Electrabel in connection with commercial paper.

At December 31, 2009, bank loans accounted for 35% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €21,666 million in bonds, or 55% of gross debt). Commercial paper represented 10% of gross debt, or €4,273 million at December 31, 2009 (see note 14.2.1). As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €15,871 million at December 31, 2009, of which €1,180 million had been drawn down. 80% of the total lines of credit and 87% of the lines not drawn are centralized. None of these facilities contain a default clause linked to covenants or minimum credit ratings.

Available cash, comprising cash and cash equivalents, financial assets qualifying and designated as at fair value through income, less bank overdrafts, totaled €10,575 million at December 31, 2009.

The onset of the interbank liquidity crunch in fourth-quarter 2008 and the ensuing rise in counterparty risk led the Group to adjust its investment policy in order to maximize liquidity and safeguard assets. This policy was also pursued in 2009. At December 31, 2009, 92% of cash pooled was invested in overnight bank deposits and standard money-market funds with daily liquidity. These instruments are monitored on a daily basis and are subject to rules-based management.

Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties concerned.

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15.1.3.1 Undiscounted contractual payments

At December 31, 2009, undiscounted contractual payments on net debt (excluding the impact of derivatives and amortized cost) break down as follows by maturity:

At December 31, 2009	TOTAL	2010	2011	2012	2013	2014	Beyond 5 years
In millions of euros							
Bond issues	21,665.7	1,060.1	897.2	2,846.9	1,348.2	3,700.1	11,813.3
Commercial paper	4,272.7	4,272.7	0.0	0.0	0.0	0.0	0.0
Drawdowns on credit facilities	1,179.6	920.1	36.1	97.6	0.2	63.3	62.2
Liabilities under finance leases	1,397.7	156.4	146.6	134.7	155.7	103.8	700.6
Other bank borrowings	9,495.1	1,663.1	943.3	852.5	1,148.6	1,043.3	3,844.3
Other borrowings	1,642.5	163.3	101.7	254.4	155.7	277.1	690.3
Bank overdrafts and current accounts	1,357.4	1,357.4	0.0	0.0	0.0	0.0	0.0
OUTSTANDING BORROWINGS AND DEBT	**41,010.7**	**9,592.9**	**2,124.8**	**4,186.0**	**2,808.5**	**5,187.6**	**17,110.8**
Financial assets qualifying or designated as at fair value through income	(1,608.7)	(1,608.7)	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	(10,323.8)	(10,323.8)	0.0	0.0	0.0	0.0	0.0
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**29,078.2**	**(2,339.6)**	**2,124.8**	**4,186.0**	**2,808.5**	**5,187.6**	**17,110.8**

At December 31, 2008	TOTAL	2009	2010	2011	2012	2013	Beyond 5 years
In millions of euros							
OUTSTANDING BORROWINGS AND DEBT	**38,269.9**	**14,240.5**	**3,363.4**	**1,382.8**	**4,107.3**	**2,585.0**	**12,590.8**
Financial assets qualifying or designated as at fair value through income, and cash and cash equivalents	(9,818.2)	(9,818.3)	0.0	0.0	0.0	0.0	0.0
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**28,451.7**	**4,422.2**	**3,363.4**	**1,382.8**	**4,107.3**	**2,585.0**	**12,590.8**

At December 31, 2009, undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

At December 31, 2009	Total	2010	2011	2012	2013	2014	Beyond 5 years
In millions of euros							
Undiscounted contractual interest payments on outstanding borrowings and debt	13,694.4	1,600.3	1,557.7	1,517.9	1,356.6	1,219.8	6,442.1

At December 31, 2008	Total	2009	2010	2011	2012	2013	Beyond 5 years
In millions of euros							
Undiscounted contractual interest payments on outstanding borrowings and debt	9,316.9	1,190.4	1,079.0	921.7	875.5	830.0	4,420.3

At December 31, 2009, undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in assets and liabilities break down as follows by maturity (net amounts):

At December 31, 2009	Total	2010	2011	2012	2013	2014	Beyond 5 years
In millions of euros							
Derivatives (excluding commodity instruments)	325.9	90.7	222.9	49.9	(9.1)	(15.3)	(13.1)

At December 31, 2008	Total	2009	2010	2011	2012	2013	Beyond 5 years
In millions of euros							
Derivatives (excluding commodity instruments)	540.7	(340.7)	74.9	225.7	62.7	82.0	436.1

To better reflect the economic substance of these transactions, the cash flows linked to the derivatives recognized in assets and liabilities shown in the table above relate to net positions.

The maturities of the Group's undrawn credit facility programs are analyzed in the table below:

Confirmed undrawn credit facility programs

	Total	2010	2011	2012	2013	2014	Beyond 5 years
In millions of euros							
At December 31, 2009	14,691.2	2,991.1	751.4	9,473.7	126.8	1,130.5	217.7

	Total	2009	2010	2011	2012	2013	Beyond 5 years
At December 31, 2008	11,405.4	1,227.8	1,478.6	335.1	7,061.2	135.7	1,167.1

Of these undrawn programs, €4,273 million are allocated to covering issues of commercial paper.

Undrawn confirmed credit lines include a €4,500 million syndicated loan maturing in 2012, and several bilateral credit lines falling due in 2010. These facilities are not subject to any covenants or credit rating requirements.

At December 31, 2009, no single counterparty represented more than 8.5% of the Group's confirmed undrawn credit lines.

15.1.4 Market risk

15.1.4.1 Currency risk

The Group is exposed to financial statement translation risk due to the geographical spread of its activities: its statements of financial position and income are impacted by changes in exchange rates upon consolidation of the financial statements of its foreign subsidiaries outside the eurozone. Exposure to translation risk results essentially from net assets held by the Group in the United States, Brazil, Thailand, Poland, Norway and the United Kingdom (see note 3.2).

The Group's hedging policy for translation risk with regard to investments in non-eurozone currencies consists of contracting liabilities denominated in the same currency as the cash flows expected to flow from the hedged assets.

Contracting a liability in the same currency is the most natural form of hedging, although the Group also enters into foreign currency derivatives which allow it to artificially recreate foreign currency debt. These include cross-currency swaps, currency swaps and currency options.

This policy is not applied, however, when the cost of the hedge (corresponding basically to the interest rate of the foreign currency concerned) is too high. This is the case in Brazil where the Group has opted for a type of insurance against a collapse in the value of the Brazilian real (risk of an abrupt temporary decline in the currency value) because of (i) the excessively high interest rate spread, and (ii) the indexation of local revenues. Since 2005, the Group has purchased protection against sovereign risk in the form of credit default swaps.

An analysis of market conditions is performed on a monthly basis for the US dollar and the pound sterling, and reviewed as appropriate for emerging countries so that the impact of any sudden sharp fall in the value of a currency can be cushioned. The hedging ratio of the assets is periodically reviewed in light of market conditions and whenever assets have been acquired or sold. Management must approve in advance any transaction that may cause this ratio to change significantly.

The Group also uses derivative instruments to hedge its exposure to transaction risk arising on its operating and financial activities (foreign currency loans, borrowings, interest and dividend payments, and foreign currency inflows and disbursements arising from operating activities).

The following tables present a breakdown by currency of gross debt and net debt, before and after hedging:

Analysis of financial instruments by currency

Gross debt

	Dec. 31, 2009		Dec. 31, 2008	
	Before hedging	After hedging	Before hedging	After hedging
EUR zone	65%	63%	75%	67%
USD zone	14%	18%	11%	19%
GBP zone	4%	2%	2%	1%
Other currencies	16%	17%	12%	13%
TOTAL	**100%**	**100%**	**100%**	**100%**

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Net debt

	Dec. 31, 2009		Dec. 31, 2008	
	Before hedging	After hedging	Before hedging	After hedging
EUR zone	60%	56%	73%	63%
USD zone	18%	23%	13%	23%
GBP zone	5%	1%	2%	1%
Other currencies	18%	19%	12%	13%
TOTAL	**100%**	**100%**	**100%**	**100%**

Foreign currency derivatives

Derivatives used to hedge currency risk are presented below.

Foreign currency derivatives	Dec. 31, 2009		Dec. 31, 2008	
In millions of euros	Market value	Nominal amount	Market value	Nominal amount
Fair value hedges	33.7	2,011.6	30.7	1,232.4
Cash flow hedges	(25.2)	2,497.9	11.0	2,014.9
Net investment hedges	36.1	3,345.6	295.8	4,734.8
Derivative instruments not qualifying for hedge accounting	0.4	13,314.3	51.0	8,338.3
TOTAL	**45.0**	**21,169.3**	**388.6**	**16,320.3**

The market values shown in the table above are positive for an asset and negative for a liability.

The Group qualifies foreign currency derivatives hedging firm foreign currency commitments as fair value hedges.

Cash flow hedges are mainly used to hedge future foreign currency cash flows.

Net investment hedging instruments are mainly cross currency swaps.

Derivative instruments not qualifying for hedge accounting correspond to instruments that do not meet the definition of hedges from an accounting perspective. These instruments are used as economic hedges of foreign currency commitments. The impact on foreign currency derivatives is almost entirely offset by gains and losses on the hedged items.

The methods used to measure the fair value of derivative instruments are described in the financial instruments section of note 1.4.11 – “Summary of significant accounting policies”.

15.1.4.2 Interest rate derivatives

The Group seeks to reduce financing costs by minimizing the impact of interest rate fluctuations on its income statement.

The Group’s aim is to achieve a balanced interest rate structure in the medium term (5 to 10 years) by using a mixture of fixed rates, floating rates and capped floating rates for its net debt. The interest rate mix may shift around this balance in line with market trends.

The Group contracted interest rate derivatives in 2009, favoring long-term hedges at fixed rates in order to take advantage of a significant drop in the long-term US dollar and euro interest rate.

In order to manage the interest rate profile of its net debt, the Group uses hedging instruments, particularly interest rate swaps and options.

Positions are managed centrally and are reviewed each quarter or whenever any new financing is raised. Management must approve in advance any transaction that causes the interest rate mix to change significantly.

The Group’s finance costs are sensitive to changes in interest rates on all floating-rate debt. The Group’s finance costs are also affected by changes in the market value of derivative instruments not documented as hedges within the meaning of IAS 39. These are monitored on a monthly basis. At the date of this report, none of the options contracted by the Group have been documented as hedges under IAS 39, even though they may act as economic hedges (see note 6.2).

At December 31, 2009, the Group has a portfolio of interest rate swaps and options (caps) which protect it from a rise in short-term interest rates for the euro, US dollar and pound sterling. Given the collapse of all short-term interest rates in 2009, hardly any options

hedging euros, US dollars and pound sterling have been activated. This causes the Group's net finance costs to fluctuate, as short-term rates for the euro, US dollar and pound sterling are below the levels hedged. However, the value of this options portfolio increases when there is a homogenous rise in short- and long-term interest rates, and decreases when they fall.

The following tables present a breakdown by type of interest rate of gross debt, net debt and loans granted to affiliated companies, before and after hedging:

Analysis of financial instruments by type of interest rate

Gross debt

	Dec. 31, 2009		Dec. 31, 2008	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	41%	43%	55%	58%
Fixed rate	59%	57%	45%	42%
TOTAL	**100%**	**100%**	**100%**	**100%**

Net debt

	Dec. 31, 2009		Dec. 31, 2008	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	20%	23%	42%	45%
Fixed rate	80%	77%	58%	55%
TOTAL	**100%**	**100%**	**100%**	**100%**

Loans granted to affiliated companies

	Dec. 31, 2009		Dec. 31, 2008	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	56%	63%	54%	63%
Fixed rate	44%	37%	46%	37%
TOTAL	**100%**	**100%**	**100%**	**100%**

Interest rate derivatives

Derivatives used to hedge interest rate risk are presented below.

Interest rate derivatives	Dec. 31, 2009		Dec. 31, 2008	
In millions of euros	Market value	Nominal amount	Market value	Nominal amount
Fair value hedges	367.2	7,308.2	233.5	5,266.3
Cash flow hedges	(178.8)	4,727.3	(362.5)	4,662.5
Derivative instruments not qualifying for hedge accounting	18.0	14,924.1	(103.6)	9,847.2
TOTAL	**206.5**	**26,959.6**	**(232.6)**	**19,775.9**

The market values shown in the table above are positive for an asset and negative for a liability.

Fair value hedges correspond mainly to interest rate swaps transforming fixed-rate debt into floating-rate debt.

Cash flow hedges correspond mainly to hedges of floating-rate debt.

Derivative instruments not qualifying for hedge accounting correspond to instruments that do not meet the definition of hedges from an accounting perspective, even though they act as economic hedges of borrowings.

The methods used to measure the fair value of derivative instruments are described in the financial instruments section of note 1.4.11 – "Summary of significant accounting policies".

15.1.4.3 Specific impact of currency and interest rate hedges

Fair value hedges

At December 31, 2009, the net impact of fair value hedges recognized in the income statement was not material.

Cash flow hedges

Foreign currency and interest rate derivatives designated as cash flow hedges can be analyzed as follows by maturity:

	Dec. 31, 2009
In millions of euros	Market value by maturity
2010	(76.6)
2011	(62.5)
2012	(5.2)
2013	27.5
2014	(5.4)
Beyond 5 years	(81.6)
TOTAL	**(204.0)**

At December 31, 2009, gains and losses taken to equity in the period totaled €141.7 million.

The amount reclassified from equity to income for the period was not material.

The ineffective portion of cash flow hedges recognized in income represents a loss of €8.1 million.

Net investment hedges

The ineffective portion of net investment hedges recognized in income represents a gain of €16.8 million.

15.1.4.4 Sensitivity analysis: foreign currency and interest rate instruments

Sensitivity was analyzed based on the Group's debt position (including the impact of interest rate and foreign currency derivatives) at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates compared to closing rates.

Impact on income

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the reporting currency of companies carrying the liabilities on their statements of financial position, and when the liabilities in question do not qualify as net investment hedges. The impact of a uniform increase (or decrease) of 10% in foreign currencies against the euro would ultimately be a gain (or loss) of €52 million.

Impact on equity

For financial liabilities (debt and derivatives) designated as net investment hedges, a uniform adverse change of 10% in foreign currencies against the euro would have a positive impact of €124.7 million on equity. This impact is countered by the offsetting change in the net investment hedged.

For interest rate risk, sensitivity corresponds to a +/- 1% increase or decrease in the yield curve compared with year-end interest rates.

Impact on income

A uniform rise of 1% in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate component of derivatives, would have an impact of €82.2 million on net interest expense. A fall of 1% in short-term interest rates would reduce net interest expense by €35.3 million. The asymmetrical impacts are attributable to the low short-term interest rates (less than 1%) applicable to a certain number of financial assets and liabilities.

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In the income statement, a rise of 1% in interest rates (across all currencies) would result in a gain of €268.3 million attributable to changes in the fair value of derivatives not documented or qualifying as net investment hedges. However, a fall of 1% in interest rates would generate a loss of €210.7 million. The asymmetrical impacts are attributable to the interest rate cap portfolio.

Impact on equity

A uniform rise or fall of 1% in interest rates (across all currencies) would have a positive or negative impact of €212.5 million on equity, attributable to changes in the fair value of derivative instruments designated as cash flow hedges.

15.1.4.5 Market risk: equity instruments

At December 31, 2009, available-for-sale securities held by the Group amounted to €3,562.9 million (see note 14.1.1).

The sensitivity of available-for-sale securities to changes in market conditions is described in note 14.1.1. The Group's portfolio of listed and unlisted securities is managed within the context of a specific investment procedure and performance is reported on a regular basis to Executive Management.

15.2 Management of risks arising from commodity instruments

15.2.1 Strategy and objectives

The Group is exposed to the risk of fluctuations in commodity prices, primarily through its electricity production activities, short- and long-term natural gas supply services, Exploration & Production activities, and the sale of natural gas and electricity. Commodity price risk is managed by carrying out transactions on the natural gas, electricity, oil and coal markets. The Group is also active on the European greenhouse gas emission trading rights market. These transactions can create significant volatility in earnings, equity and cash flows from one period to the next. The Group therefore uses commodity derivatives in line with a variety of strategies in order to eliminate or mitigate these risks.

Use of these derivatives is governed by hedging policies approved by the executive management teams of the business lines concerned, while any key policy decisions are validated by the Energy Market Risk Committee (CRME). Portfolio management teams manage market and counterparty risks in accordance with the objectives and exposure limits set by the respective executive management teams. These policies were fleshed out and aligned with the Group's market and counterparty risk management strategy as approved by Executive Management in April 2009.

In each of the business lines concerned, executive management appoints a risk control committee (or several such committees, depending on the geographical reach of the business line concerned) which is independent from portfolio management teams. These committees supervise and control risks and the management strategies in place to reduce exposure to changes in commodity prices and to counterparty risk. Positions taken are regularly reviewed to ensure that they comply with the Group's hedging policies. To ensure that market risks are being managed and monitored appropriately by the business lines and consolidated at Group level, a second-tier control has been set up by the Group's Finance division.

15.2.1.1 Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas supply contracts, coal, energy sales and gas storage and transmission) over various timeframes (short-, medium- and long-term). Market value is optimized by:

- guaranteeing supply and ensuring the balance between needs and physical resources;
- managing market risks (price, volume);
- unlocking optimum value from portfolios within a specific risk framework;
- where appropriate, structuring products designed for companies engaged in selling activities.

Risk management framework aims to smooth out and safeguard the Group's financial resources over periods of one month to three or five years, depending on the maturity of each market. As a consequence portfolio managers often take out economic hedges which can lead to volatility in earnings when the derivatives used do not qualify for hedge accounting as defined by IAS 39.

Hedging transactions

The Group enters into cash flow hedges and fair value hedges as defined by IAS 39, using derivative instruments (firm or option contracts) contracted over-the-counter or on organized markets. These instruments may be settled net or involve physical delivery of the underlying. Cash flow hedges are used to protect the Group against unfavorable changes in market prices affecting procurement costs or margins on highly probable future sale transactions. Fair value hedges are used to protect the Group against adverse changes in market prices that may affect the fair value of firm procurement or sale commitments.

Other commodity derivatives

Other commodity derivatives relate mainly to contracts that are (i) used to manage the Group's overall exposure to certain market risks; (ii) entered into for the purpose of taking advantage of differences in market prices in order to increase Group margins; (iii) contracts qualified as written options under IAS 39; or (iv) contracts that the Group has the practice of settling net.

The Group holds certain purchase and sale contracts providing for the physical delivery of the underlying, which are documented as being purchases and sales taking place in the ordinary course of business, but which include clauses qualifying as embedded derivatives under IAS 39. For some of the contracts, these clauses

are recognized and measured separately from the host contract, with changes in fair value taken to income. Specifically, certain embedded derivatives have been recognized separately from host contracts containing (i) price clauses that link the contract price to changes in an index or the price of a different commodity from the one that is being delivered; (ii) indexation clauses based on foreign exchange rates that are not considered as being closely related to the host contract; or (iii) other clauses.

15.2.1.2 Trading activities

Some Group entities are engaged in trading activities. The primary aim of these activities is to provide support for the Group's portfolio managers in:

- accessing the wholesale energy market;
- advising on and executing hedges;
- providing delegated management services for certain assets.

To a lesser extent, the Group is also engaged in proprietary trading. These transactions are carried out in compliance with strict risk policies and include:

- proprietary trading transactions that may or may not be match-funded with assets;
- market services to direct customers, i.e., customers not handled by the Group's sales teams.

Activities in this respect include spot or forward transactions concerning natural gas, electricity, various oil-based products, coal, biomass and CO_2 emissions rights on organized markets or over-the-counter. These transactions are executed in Europe and the United States using various instruments, including:

- futures contracts involving physical delivery of an energy commodity;
- swaps providing for payments to or by counterparties of an amount corresponding to the difference between a fixed and variable price for the commodity;
- options and other contracts.

Gross margin on trading activities came in at €340 million in 2009 (€205 million in 2008).

15.2.2 Fair value of commodity derivatives

The fair values of commodity derivatives at December 31, 2009 and 2008 are indicated in the table below:

	Dec. 31, 2009				Dec. 31, 2008			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Derivative instruments relating to portfolio management activities	2,335.5	961.5	(2,193.6)	(1,085.2)	3,315.3	1,762.3	(3,641.3)	(2,025.2)
Cash flow hedges	*1,213.6*	*516.2*	*(1,389.4)*	*(592.0)*	*1,970.0*	*1,112.2*	*(2,615.2)*	*(1,603.7)*
Fair value hedges	*164.4*	*58.1*	*(153.3)*	*(56.9)*	*74.0*	*64.7*	*(73.0)*	*(64.7)*
Other derivative instruments	*957.5*	*387.2*	*(650.9)*	*(436.4)*	*1,271.3*	*585.4*	*(953.1)*	*(356.7)*
Derivative instruments relating to trading activities	4,916.6	-	(4,837.4)	-	5,902.4	-	(5,527.9)	-
TOTAL	7,252.0	961.5	(7,031.0)	(1,085.2)	9,217.7	1,762.3	(9,169.2)	(2,025.2)

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See also notes 14.1.3 and 14.2.2.

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the end of the reporting period. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices; (ii) can be modified by subsequent transactions; and (iii) can be offset by future cash flows arising on the underlying transactions.

Commodity derivatives are measured using the following levels in the fair value hierarchy:

	Dec. 31, 2009							
	Assets				Liabilities			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Derivative instruments relating to portfolio management activities	3,296.9	232.8	3,046.1	18.0	(3,278.8)	(92.6)	(3,101.3)	(85.0)
Derivative instruments relating to trading activities	4,916.6	515.5	4,375.0	26.0	(4,837.4)	(468.6)	(4,368.8)	-
TOTAL	**8,213.5**	**748.3**	**7,421.1**	**44.0**	**(8,116.2)**	**(561.2)**	**(7,470.0)**	**(85.0)**

Derivative instruments included in level 1 are mainly futures traded on organized markets with clearing houses. They are measured at fair value based on their quoted price.

The measurement at fair value of derivative instruments included in level 3 is based on non-observable inputs and internal assumptions, usually because the maturity of the instruments exceeds the observable period for the forward price of the underlying, or because certain inputs such as the volatility of the underlying were not observable at the measurement date.

The measurement at fair value of other derivative instruments is based on commonly-used models in the commodities trading environment, and includes directly and indirectly observable inputs. These instruments are included in level 2 of the fair value hierarchy.

Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2009				Dec. 31, 2008			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Natural gas	301.1	71.4	(419.6)	(215.8)	673.1	79.0	(180.2)	(141.8)
Electricity	284.2	124.2	(178.4)	(95.0)	102.1	82.1	(262.8)	(192.3)
Coal	9.6	17.0	(7.1)	(11.5)	40.5	22.0	(34.6)	(5.9)
Oil	600.0	264.3	(767.8)	(255.2)	1,144.8	928.7	(2,119.4)	(1,262.9)
Other	18.6	39.1	(16.4)	(14.5)	9.5	0.4	(18.2)	(0.8)
TOTAL	**1,213.6**	**516.2**	**(1,389.4)**	**(592.0)**	**1,970.0**	**1,112.2**	**(2,615.2)**	**(1,603.7)**

Notional amounts and maturities of cash flow hedges are as follows:

In GWh at December 31, 2009	Notional amounts (net)*						
	2010	2011	2012	2013	2014	Beyond 5 years	Total
Natural gas, electricity and coal	37,328.3	33,074.4	13,891.5	7,424.0	-	-	91,718.2
Oil-based products	107,402.0	37,524.0	11,480.0	70.0	-	-	156,476.0
Other	(1,503.5)	(4,189.5)	(2,797.0)	-	-	-	(8,490.0)
TOTAL	**143,226.8**	**66,408.9**	**22,574.5**	**7,494.0**	**-**	**-**	**239,704.2**

* *Long position/(short position).*

In thousands of tons at December 31, 2009	Notional amounts (net)*						
	2010	2011	2012	2013	2014	Beyond 5 years	Total
Greenhouse gas emission rights	850.0	409.0	(1,125.0)	-	-	-	134.0
TOTAL	**850.0**	**409.0**	**(1,125.0)**	**-**	**-**	**-**	**134.0**

* *Long position/(short position).*

At December 31, 2009, a gain of €312 million was recognized in equity in respect of cash flow hedges versus a loss of €1,050 million at end-2008. A loss of €599 million was reclassified from equity to income in 2009, compared with a gain of €387 million in 2008.

Gains and losses arising on the ineffective portion of hedges are taken to income. A loss of €38 million was recognized in income in 2009, compared with a loss of €2 million in 2008.

Fair value hedges

The fair values of fair value hedges by type of commodity are as follows:

In millions of euros	Dec. 31, 2009				Dec. 31, 2008			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Natural gas	18.5	4.3	(12.9)	(0.9)	-	-	-	-
Electricity	143.3	49.5	(137.9)	(51.8)	68.6	64.7	(68.6)	(64.7)
Other	2.6	4.3	(2.6)	(4.3)	5.3	-	(4.4)	-
TOTAL	**164.4**	**58.1**	**(153.3)**	**(56.9)**	**74.0**	**64.7**	**(73.0)**	**(64.7)**

In accordance with IAS 39, changes in the fair value of hedging derivative instrument and hedged firm commitments are recognized simultaneously in income for the period.

At December 31, 2009, a loss of €324 million was recognized in income in respect of the hedging derivative instrument (versus a loss of €64 million in 2008), while a gain of €323 million was recognized in respect of the hedged firm commitment (versus a gain of €65 million in 2008).

15.2.3 Financial risks arising from the use of commodity derivatives

15.2.3.1 Counterparty risk

See note 15.1.2 for details of the Group's counterparty risk management policy.

The procedure for managing counterparty risk arising from operating activities in the Group's business lines has been reinforced by second-tier controls carried out by the Finance division. The Finance division monitors the Group's exposure to its key counterparties on a quarterly basis within the scope of the Energy Market Risk Committee (CRME).

Counterparty risk reflects the risk that one party to a transaction will cause a financial loss for the other by failing to discharge a contractual obligation. In the case of derivatives, counterparty risk arises from instruments with a positive fair value, including trade receivables. Counterparty risk is taken into account for the calculation of the fair value of derivative instruments.

	Dec. 31, 2009		Dec. 31, 2008	
Counterparty risk[a] *In millions of euros*	Investment grade[b]	Total	Investment grade[b]	Total
Counterparties				
Gross exposure	9,629.3	10,476.7	12,424.0	13,091.0
Net exposure[c]	2,451.0	2,647.8	2,155.0	2,328.0
% exposure to investment grade counterparties	*92.6%*		*92.6%*	

(a) Excluding positions with a negative fair value.
(b) "Investment grade" corresponds to transactions with counterparties rated at least BBB- by Standard & Poor's, Baa3 by Moody's, or an equivalent by Dun & Bradstreet. Counterparties are also qualified as investment grade based on publicly available credit ratings, taking into account collateral, letters of credit and parent company guarantees.
(c) After taking into account collateral netting agreements and other credit enhancement.

15.2.3.2 Liquidity risk

See note 15.1.3 for details of the Group's liquidity risk management policy.

The table below provides an analysis of undiscounted fair values due and receivable in respect of commodity derivatives recorded in assets and liabilities at the end of the reporting period.

Liquidity risk *In millions of euros*	2010	2011	2012	2013	2014	Beyond 5 years	Total
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(2,224.3)*	*(722.8)*	*(245.5)*	*(39.2)*	*(17.7)*	*(52.7)*	*(3,302.2)*
relating to trading activities	*(4,814.1)*						*(4,814.1)*
Derivative instruments carried in assets							
relating to portfolio management activities	*2,278.4*	*673.0*	*256.4*	*44.9*	*3.8*	*11.6*	*3,268.1*
relating to trading activities	*4,894.9*						*4,894.9*
TOTAL AT DECEMBER 31, 2009	**134.9**	**(49.9)**	**10.9**	**5.7**	**(13.9)**	**(41.1)**	**46.7**
	2009	**2010**	**2011**	**2012**	**2013**	**Beyond 5 years**	**Total**
Derivative instruments carried in liabilities	(8,095.0)	(2,350.0)	(653.0)	(127.0)	(9.0)	(26.0)	(11,260.0)
Derivative instruments carried in assets	7,871.0	2,182.0	856.0	144.0	3.0	3.0	11,059.0
TOTAL AT DECEMBER 31, 2008	**(224.0)**	**(168.0)**	**203.0**	**17.0**	**(6.0)**	**(23.0)**	**(201.0)**

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At December 31, 2009, the Group provides an analysis of residual contractual maturities of commodity derivative instruments included in its portfolio management activities. Derivative instruments relating to trading activities are considered to be liquid in less than one year, and are presented under current items in the statement of financial position.

At December 31, 2008, the Group provided an analysis of residual contractual maturities for all commodity derivative instruments. Derivative instruments relating to trading activities were presented under current items in the statement of financial position.

15.2.3.3 Market risk

With a view to aligning the market risk policies of the merged Group, GDF SUEZ has defined a new market risk management policy applicable to all of its business lines. This policy is currently being rolled out by the business lines.

Portfolio management activities

Market risk arising from commodity derivative instruments in the portfolio management activity is assessed, measured and managed using sensitivity analyses, together with other market risk exposure indicators. These sensitivity analyses are calculated based on a fixed portfolio at a given date and may not be necessarily representative of future changes in income and equity of the Group. The analyses are determined excluding the impact of commodity purchase and sale contracts entered into within the ordinary course of business.

Sensitivity of income to market risk arises mainly on economic hedges not eligible for hedge accounting under IFRS.

Due to the low proportion of options contracts in the Group's derivative portfolios, the sensitivity analysis is symmetrical for price increases and decreases.

		Dec. 31, 2009		Dec. 31, 2008[(a)]	
Sensitivity analysis *In millions of euros*	**Price movements**	**Pre-tax impact on income**	**Pre-tax impact on equity**	**Pre-tax impact on income**	**Pre-tax impact on equity**
Oil-based products	+10.00 USD/bbl	(96.6)	326.2	(65.0)	275.4
Natural gas	+3.00 €/MWh	166.9	(12.6)	42.3	(123.2)
Coal	+10.00 USD/ton	82.4	70.7	-	-
Electricity	+5.00 €/MWh	(30.4)	(46.4)	(2.1)	(23.4)
Greenhouse gas emission rights	+2.00 €/ton	(32.1)	(6.5)	-	-
EUR/USD	+10.00%	76.2	(212.7)	35.1	(135.6)
EUR/GBP	+10.00%	(58.8)	(1.6)	-	-

(a) Excluding Energy Europe & International.
At December 31, 2008, the VaR of market risks relating to derivative instruments included in the portfolio management activities by Energy Europe & International was measured at €30 million, based on a 1-day holding period and a 95% confidence interval.

Trading activities

Market risk arising from commodity derivative instruments relating to trading activities is assessed, estimated and managed on a daily basis using Value-at-Risk (VaR) techniques, together with other market risk exposure limits. The use of VaR to quantify market risk provides a transversal measure of risk taking all markets and products into account. Value-at-Risk represents the maximum potential loss on a portfolio of assets over a specified holding period based on a given confidence interval. It is not an indication of expected results.

Use of these techniques requires the determination of key assumptions, notably the selection of a confidence interval and a holding period, which the Group has set at 99% and 1 day, respectively. The values-at-risk shown below correspond to the aggregate VaR of the Group's trading entities.

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Value-at-risk *In millions of euros*	Dec. 31, 2009	2009 average[a]	2008 average[a]	2009 maximum[b]	2009 minimum[b]
Trading activities	7.2	6.2	7.6	12.6	2.9

(a) Average daily VaR.
(b) Based on month-end highs and lows observed in 2009.
Unlike VaR reported in the 2008 consolidated financial statements, average VaR in 2008 and presented above includes the trading activities of the entire Group, based on a 99% confidence interval.

15.2.4 Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their activities, some Group operating companies enter into long-term contracts, some of which include “take-or-pay” clauses. These consist of firm commitments to purchase (sell) specified quantities of gas, electricity and steam and related services, in exchange for a firm commitment from the other party to deliver (purchase) said quantities and services. These contracts were documented as falling outside the scope of IAS 39. The table below shows the main future commitments arising from contracts entered into by Global Gas & LNG, Energy France and Energy Europe & International business lines (in TWh):

In TWh	Dec. 31, 2009	Within 1 year	1 to 5 years	More than 5 years	Dec. 31, 2008
Firm purchases of commodities, fuel and services	(11,897.2)	(959.0)	(3,174.9)	(7,763.2)	(11,759.2)
TOTAL COMMITMENTS GIVEN	**(11,897.2)**	**(959.0)**	**(3,174.9)**	**(7,763.2)**	**(11,759.2)**
Firm sales of gas, electricity, steam, oil and services	1,841.8	498.1	604.0	739.7	1,885.4
TOTAL COMMITMENTS RECEIVED	**1,841.8**	**498.1**	**604.0**	**739.7**	**1,885.4**

The Group is also committed to purchasing and selling future services in connection with the performance of long-term contracts.

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NOTE 16 EQUITY

16.1 Share capital

	Number of shares			Value *(in millions of euros)*		
	Total	Treasury	Outstanding	Share capital	Additional paid-in capital	Treasury stock
AT DECEMBER 31, 2007	**1,307,043,522**	**30,538,572**	**1,276,504,950**	**2,614.1**	**12,302.0**	**1,214.7**
Share issuances	1,898,431		1,898,431	3.8	44.0	
Gaz de France acquisition	1,207,660,692		1,207,660,692	1,207.7	16,878.9	
Conversion into GDF SUEZ shares	(325,069,965)	104,394	(325,174,359)	(1,634.1)		(193.4)
At July 22, 2008	*2,191,532,680*	*30,642,966*	*2,160,889,714*	*2,191.5*	*29,224.9*	*1,021.3*
Share issuances	2,111,140		2,111,140	2.1	33.4	
Purchases and disposals of treasury stock		17,680,535	(17,680,535)			720.0
AT DECEMBER 31, 2008	**2,193,643,820**	**48,323,501**	**2,145,320,319**	**2,193.6**	**29,258.3**	**1,741.3**
Share issuances	1,934,429		1,934,429	1.9	30.2	
Stock dividends	65,398,018		65,398,018	65.4	1,301.1	
Purchases and disposals of treasury stock		(3,208,648)	3,208,648			(97.3)
AT DECEMBER 31, 2009	2,260,976,267	45,114,853	2,215,861,414	2,261.0	30,589.6	1,644.1

Shares were issued during the year as a result of the following operations:

- payment of a portion of the special dividend in stock. On May 4, 2009, the Shareholders' Meeting resolved that a special €0.80 per share dividend could be paid in cash or in stock. The special dividend was paid on June 4, 2009 in cash for €340.6 million and in stock for €1,376.6 million, representing an increase of 65,398,018 new shares;
- the exercise of stock subscription options, accounting for the issuances during the period.

Changes in the number of shares during 2008 reflect:

- the merger of SUEZ into Gaz de France, effective July 22, 2008, based on a ratio of 21 Gaz de France shares for 22 SUEZ shares. Since the transaction qualifies as a reverse acquisition of Gaz de France by SUEZ, the shareholders' equity of the former SUEZ Group forms the basis of GDF SUEZ's shareholders' equity. However, the capital structure of the new Group must represent the number of shares, share capital and treasury stock of Gaz de France SA, the acquirer of SUEZ for legal purposes. Accordingly, to reconcile the legal capital structure of the former SUEZ group with the legal capital structure of the new Group, the difference resulting from this conversion of GDF SUEZ shares is presented under "Conversion into GDF SUEZ shares". This presentation is for the purposes of the consolidated financial statements and has no impact on shareholders' equity;
- no treasury shares held by SUEZ or SUEZ shares held by Gaz de France were exchanged. On July 22, 2008, 1,308,941,953 former SUEZ shares were converted into 1,207,660,692 GDF SUEZ shares;
- the exercise of stock subscription options, accounting for the issuances during the period.

16.2 Instruments providing a right to subscribe for new shares

Stock subscription options

The Group has granted stock subscription options to its employees as part of stock option plans. These plans are described in note 24.

16.3 Treasury stock and stock repurchase program

The Group has a stock repurchase program resulting from the authorization granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009. This program provides for the repurchase of up to 10% of the shares comprising the share capital at the date of the meeting concerned. Under the program, the aggregate amount of acquisitions net of expenses cannot exceed the sum of €12 billion, and the purchase price must be less than €55 per share. Details of these terms and conditions are provided in the Board of Director's report on the resolutions submitted to the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009.

16.4 Other disclosures concerning additional paid-in capital and consolidated reserves

Total additional paid-in capital and consolidated reserves at December 31, 2009 (including net income for the year) amounted to €59,644 million, of which €226.1 million related to the legal reserve of GDF SUEZ SA. Under French law, 5% of the net income of French companies must be transferred to the legal reserve until the legal reserve reaches 10% of share capital. This reserve cannot be distributed to shareholders other than in the case of liquidation.

The distributable paid-in capital and reserves of GDF SUEZ SA totaled €47,789.3 million at December 31, 2009 (€50,797.9 million at December 31, 2008).

16.5 Dividends

	Amount distributed *(in millions of euros)*	Net dividend per share in euros *(cash dividends)*	Number of shares *(stock dividends)*
In respect of 2007			
Paid by SUEZ SA (May 14, 2008)	1,727.7	1.36	
Paid by Gaz de France SA (May 27, 2008)	1,214.0	1.26	
In respect of 2008			
Interim dividend (paid November 27, 2008)	1,723.9	0.80	
Remaining dividend payout for 2008 (paid May 6, 2009)	1,287.2	0.60	
Special dividend (paid in cash or in shares at the option of shareholders, June 4, 2009)	1,717.2		
paid in cash	*340.6*	*0.80*	
paid in shares	*1,376.6*		*65,398,018*
In respect of 2009			
Interim dividend (paid December 18, 2009)	1,772.7	0.80	

Recommended dividend for 2009

Shareholders at the GDF SUEZ Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2009 will be asked to approve a dividend of €1.47 per share, representing a total amount of €3,324 million. An interim dividend of €0.80 per share was paid on December 18, 2009, representing a total amount of €1,772.7 million.

Subject to approval by the Shareholders' Meeting, this dividend shall be paid from May 10, 2010 and is not recognized as a liability in the accounts at December 31, 2009. The consolidated financial statements at December 31, 2009 are therefore presented before the appropriation of earnings.

Spin-off of 65% of SUEZ Environnement Company in 2008

Prior to the merger with Gaz de France, SUEZ distributed 65% of the share capital of SUEZ Environnement Company to SUEZ shareholders. The spin-off led to a €2,289 million decrease in consolidated shareholders' equity and a corresponding increase in minority interests.

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16.6 Total gains and losses recognized in equity (Group share)

In millions of euros	Dec. 31, 2009	Change	Dec. 31, 2008	Change	Dec. 31, 2007
Available-for-sale financial assets	765.3	6.4	758.9	(663.2)	1,422.1
Net investment hedges	94.6	43.6	51.0	55.5	(4.4)
Cash flow hedges (excl. commodity instruments)	(207.1)	58.2	(265.3)	(219.1)	(46.1)
Commodity cash flow hedges	(102.8)	899.1	(1,001.9)	(1,432.3)	430.4
Actuarial gains and losses	(269.3)	150.9	(420.2)	(503.0)	82.8
Deferred taxes	180.9	(364.1)	545.0	778.2	(233.3)
Share of associates in total gains and losses recognized in equity	(83.0)	75.5	(158.5)	(159.2)	0.8
Translation adjustments on items above	(32.3)	7.5	(39.8)	(54.8)	15.0
SUB-TOTAL	**346.3**	**877.1**	**(530.7)**	**(2,198.0)**	**1,667.3**
Translation adjustments on other items	(322.4)	350.9	(673.3)	(529.2)	(144.1)
TOTAL	**24.0**	**1,228.0**	**(1,204.0)**	**(2,727.2)**	**1,523.2**

Translation adjustments recycled to the statement of income for the period were not material.

16.7 Capital management

GDF SUEZ aims to optimize its financial structure at all times by pursuing an appropriate balance between net debt (see note 14.3) and total equity, as shown in the statement of financial position. The Group's key objective in managing its financial structure is to maximize value for shareholders, reduce the cost of capital and maintain a high credit rating, while at the same time ensuring the Group has the financial flexibility to leverage value-creating external growth opportunities. The Group manages its financial structure and makes any necessary adjustments in light of prevailing economic conditions. In this context it may choose to adjust the amount of dividends paid to shareholders, reimburse a portion of capital, carry out share buybacks, issue new shares, launch share-based payment plans or sell assets in order to scale back its net debt.

The Group's policy is to maintain an 'A' rating with Moody's and S&P. To achieve this, it manages its financial structure in line with the indicators usually monitored by these agencies, namely the Group's operating profile, financial policy and a series of financial ratios. One of the most commonly used ratios is operating cash flow less financial expenses and taxes paid expressed as a percentage of adjusted net debt. Net debt is primarily adjusted for nuclear waste reprocessing and storage provisions, provisions for unfunded pension plans, and operating lease commitments.

The Group's objectives, policies and processes for managing capital have remained unchanged over the past few years.

GDF SUEZ SA is not obliged to comply with any minimum capital requirements except those provided for by law.

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NOTE 17 PROVISIONS

In millions of euros	Dec. 31, 2008	Allocations	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjust-ments	Translation adjustments	Other	Dec. 31, 2009
Post-employment benefits and other long-term benefits	4,150.8	180.1	(361.6)	(4.7)	(235.8)	210.4	35.6	(111.5)	3,863.2
Nuclear fuel reprocessing and storage	3,425.1	105.3	(21.5)	(1.3)	0.0	170.0	(0.3)	0.0	3,677.3
Dismantling of plant and equipment[(a)]	3,492.0	7.0	(7.0)	(0.4)	(6.2)	175.1	9.3	(68.1)	3,601.6
Site rehabilitation	1,021.7	32.7	(64.7)	(2.0)	0.0	37.2	18.8	94.0	1,137.7
Other contingencies	2,703.2	514.4	(1,031.7)	(326.8)	36.7	2.2	23.1	(148.3)	1,772.8
TOTAL PROVISIONS	**14,792.7**	**839.4**	**(1,486.4)**	**(335.1)**	**(205.3)**	**594.8**	**86.5**	**(234.0)**	**14,052.7**

(a) Of which €2,093.4 million in provisions for dismantling nuclear facilities at December 31, 2009 versus €1,990.6 million at December 31, 2008.

As discussed in note 5, "Income from operating activities", following the decision handed down by the European Commission on July 8, 2009 in the E.ON/GDF SUEZ case, the Group adjusted the amount of the provision that it had set aside for this purpose.

The "Changes in scope of consolidation" column primarily reflects the sale of the Electrabel Net Wallonie business. Pension obligations with respect to distribution personnel were transferred following the sale.

The impact of unwinding discount adjustments in respect of post-employment benefit obligations and other long-term benefits relates to the interest cost on the pension obligations, net of the expected return on plan assets.

For post-employment benefit obligations and other long-term benefits, the "Other" column relates to actuarial gains and losses arising in 2009 and recognized in equity.

Allocations, reversals and the impact of unwinding discounting adjustments are presented as follows in the consolidated income statement:

In millions of euros	Net allocations
Income from operating activities	(987.4)
Other financial income and expenses	594.8
Income tax expense	5.3
TOTAL	**(387.3)**

The different types of provisions and the calculation principles applied are described hereafter.

17.1 Post-employment benefit obligations and other long-term benefits

See note 18.

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17.2 Nuclear dismantling liabilities

In the context of its nuclear power generation activities, the Group incurs decommissioning liabilities relating to the dismantling of nuclear facilities and the reprocessing of spent nuclear fuel.

17.2.1 Legal framework

The Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted Group subsidiary Synatom responsibility for managing provisions set aside to cover the costs of dismantling nuclear power plants and managing radioactive fissile material from such plants. One of the tasks of the Nuclear Provisions Committee set up pursuant to the above-mentioned law is to oversee the process of computing and managing these provisions. The Committee also issues opinions on the maximum percentage of funds that Synatom can lend to operators of nuclear plants and on the types of assets in which Synatom may invest its outstanding funds.

To enable the Committee to carry out its work in accordance with the above-mentioned law, Synatom is required to submit a report every three years describing the core inputs used to calculate these provisions.

On January 15, 2007, Synatom submitted its triennial review of nuclear provisions to the Nuclear Provisions Committee. Its recommendations did not impact core inputs in terms of estimation methods, financial parameters and management scenarios. The changes put forward were aimed at incorporating the latest economic data and detailed technical analyses into the calculations. Synatom is to prepare and submit a new triennial review enabling the Committee to issue recommendations on the existence and adequacy of these provisions by the end of 2010.

The provisions set aside also take into account all existing or planned environmental regulatory requirements on a European, national and regional level. If additional legislation were to be introduced in the future, the cost estimates used as a basis for the calculation could vary. However, the Group is not aware of additional planned legislation on this matter which would materially impact the value of the provisions.

The provisions recognized by the Group at December 31, 2009 were calculated taking into account the prevailing contractual and legal framework, which sets the operating life of nuclear reactors at 40 years.

At the end of 2009, an agreement was signed with the Belgian government under which the latter agreed to take the appropriate legal measures to extend the lifespan of three nuclear reactors from 40 to 50 years. These measures require the adoption of new laws or amendment of existing laws, and were not legally binding at December 31, 2009.

Any change in the provision for dismantling nuclear facilities following the extension in the lifespan of the facilities concerned and the consequent change in the timing of payments, is not expected to have a material impact on income in the immediate term, since the matching entry for this change subject to the fulfillment of certain conditions will be an adjustment to the corresponding assets in the same amount.

Provisions for nuclear fuel reprocessing and storage could be adapted if the Group considers that the extended lifespan of certain facilities increases the average unit cost of reprocessing all radioactive spent nuclear fuel over the period the reactors are operated.

In 2010, the Group will consider in depth any impacts this extension may have on provisions for dismantling nuclear facilities and for nuclear fuel reprocessing and storage. These provisions may be adapted in line with the extension of the assets' useful lives, when the relevant bills have been passed and the triennial review has been approved by the Nuclear Provisions Committee, expected to be in the last quarter of 2010.

17.2.2 Provisions for dismantling nuclear facilities

Nuclear power stations have to be dismantled at the end of their operational lives. Provisions are set aside in the Group's accounts to cover all costs relating to (i) the shutdown phase, which involves removing radioactive fuel from the site; and (ii) the dismantling phase, which consists of decommissioning and cleaning up the site.

Provisions for dismantling nuclear facilities are calculated based on the following principles and parameters:

- costs payable over the long term are calculated by reference to the estimated costs for each nuclear facility, based on a study conducted by independent experts under the assumption that the facilities will be dismantled progressively;
- an inflation rate of 2% is applied up to the end of the dismantling period to calculate the future value of the obligation;
- a discount rate of 5% (including 2% inflation) is applied to determine the net present value of the obligation. The nominal 5% discount rate approved by the Nuclear Provisions Committee in its opinion on the 2007 triennial review is based on an analysis of the average benchmark long-term rate and expected changes in this rate (yield on 30-year Belgian OLO linear bonds, 30-year euro benchmark rate and 30-year interbank swap rate);
- dismantling work is expected to begin between three and four years after the facilities concerned have been shut down, taking into account the currently applicable useful life of 40 years as of the date the facilities are commissioned;
- payments are spread over approximately seven years after the date the dismantling work starts;
- the present value of the obligation when the facilities are commissioned represents the initial amount of the provision.

The matching entry is an asset recognized for the same amount within the corresponding property, plant and equipment category. This asset is depreciated over a period of 40 years as from the commissioning date;

- the annual charge to the provision, reflecting the interest cost on the provision carried in the books at the end of the previous year, is calculated at the discount rate used to estimate the present value of future cash flows.

The nuclear facilities for which the Group holds capacity entitlements are also provisioned in an amount reflecting the Group's share in the expected dismantling costs. This provision is calculated and discounted each year in the same way as provisions for nuclear facilities located in Belgium.

17.2.3 Provisions for nuclear fuel reprocessing and storage

When spent nuclear fuel is removed from a reactor, it remains radioactive and requires processing. There are two different procedures for managing radioactive spent fuel, based on either reprocessing or essentially on conditioning without reprocessing. The Belgian government has not yet decided which scenario will be made compulsory in Belgium.

The Nuclear Provisions Committee bases its analyses on deferred reprocessing of radioactive spent nuclear fuel. The Group therefore books provisions for all costs resulting from this spent fuel management scenario, including on-site storage, transportation, reprocessing by an accredited facility, storage and removal of residual spent fuel after treatment.

Provisions for nuclear fuel reprocessing are calculated based on the following principles and parameters:

- costs are calculated based on the deferred reprocessing scenario, whereby the spent fuel is reprocessed and ultimately removed and buried in a deep geological depository;
- payments are staggered over a period through to 2050, when any residual spent fuel and the provision required to cover the cost of removal and deep underground storage will be transferred to ONDRAF, the Belgian agency for radioactive waste and enriched fissile materials. Based on the deferred reprocessing scenario, the last residual spent fuel would be buried in about 2080;
- the long-term obligation is assessed based on estimated internal costs and external costs resulting from firm offers received from third parties or fee proposals from independent organizations;
- the 5% discount rate used (actual rate of 3% plus 2% inflation) is the same as that used for the facility dismantling provision;
- charges to the provision are calculated based on the average unit cost of quantities used up to the end of the facility's operating life;
- an annual allocation is also recognized, corresponding to the impact of unwinding the discount.

In view of the nature and timing of the costs they are intended to cover, the actual future cost may differ from estimates. The provisions may be adjusted in line with future changes in the above-mentioned parameters. These parameters are nevertheless based on information and estimates which the Group deems reasonable at the date of this report and which have been approved by the Nuclear Provisions Committee.

17.2.4 Sensitivity to discount rates

Based on currently applicable parameters in terms of estimated costs and the timing of payments, a change of 50 basis points in the discount rate could lead to an adjustment of around 10% in dismantling and nuclear fuel reprocessing provisions. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provision amount.

A 5% increase or decrease in nuclear dismantling or nuclear fuel reprocessing and storage costs could increase or decrease the corresponding provisions by roughly the same percentage.

Changes arising as a result of the review of the dismantling provision would not have an immediate impact on income, since the matching entry under certain conditions would consist of adjusting the corresponding assets in the same amount.

Sensitivity to discount rates as presented above in accordance with the applicable standards, is an automatic calculation and should therefore be interpreted with appropriate caution in view of the variety of other inputs – some of which may be interdependent – including in the evaluation. Moreover, the frequency with which these provisions are reviewed by the Nuclear Provisions Committee in accordance with applicable regulations ensures that the overall obligation is measured accurately.

17.3 Dismantling obligations arising on other plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage facilities, LNG terminals and exploration/production facilities, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

The related liability is calculated using the most appropriate technical and budget estimates. Payments to be made over the long-term are discounted using the discount rate applied to provisions for dismantling nuclear facilities (5%).

Upon initial recognition, the Group books a provision for the present value of the obligation at the commissioning date and recognizes a "dismantling" asset as the matching entry for the provision. This asset is included within the appropriate line of property, plant and equipment and is depreciated over the useful life of the facilities.

The amount of the provision is adjusted each year to reflect the impact of unwinding the discount.

17.4 Site rehabilitation

The June 1998 European Directive on waste storage facilities introduced a number of obligations regarding the closure and long-term monitoring of these facilities. These obligations lay down the rules and conditions incumbent on the operator (or owner of the site where the operator fails to comply with its obligations) in terms of the design and scale of storage, collection and treatment centers for liquid (leachates) and gas (biogas) effluents. It also requires these facilities to be inspected during 30 years.

These obligations give rise to two types of provisions (rehabilitation and long-term monitoring) calculated on a case-by-case basis depending on the site concerned. In accordance with the accrual basis of accounting, the provisions are set aside over the period the site is in operation, pro rata to the depletion of waste storage volume. Costs to be incurred at the time of a site's closure or during the long-term monitoring period (30 years after a site is shut down within the European Union) are discounted to present value. An asset is recorded as counterparty to the provision and depreciated in line with the depletion of the waste storage volume or the need for coverage during the period.

The amount of the provision for site rehabilitation (at the time the facility is shut down) depends on whether a semi-permeable, semi-permeable with a drainable facility, or impermeable shield is used. This has a considerable impact on future levels of leachate effluents and hence on future waste treatment costs. To calculate the provision, the cost to rehabilitate the as-yet untreated surface area needs to be estimated. The provision carried in the statement of financial position at year-end must cover the costs to rehabilitate the untreated surface area (difference between the fill rate and the percentage of the site's surface that has already been rehabilitated). The amount of the provision is reviewed each year based on work completed or still to be carried out.

The calculation of the provision for long-term monitoring depends on both the costs arising on the production of leachate and biogas effluents, and on the amount of biogas recycled. The recycling of biogas represents a source of revenue and is deducted from the amount of long-term monitoring expenditure. The main expense items arising from long-term monitoring obligations relate to:

- construction of infrastructure (biogas recycling facility, installation of leachate treatment facility) and the demolition of installations used while the site is in operation;
- upkeep and maintenance of the protective shield and infrastructures (surface water collection);
- control and monitoring of surface water, underground water and leachates;
- replacement and repair of observation wells;
- leachate treatment costs;
- biogas collection and processing costs (taking into account any revenues from biogas recycling).

The provision for long-term monitoring obligations to be recognized at year-end depends on the fill rate of the facility at the end of the period, estimated aggregate costs per year and per caption (based on standard or specific costs), the estimated shutdown date and the discount rate applied to each site (based on its residual life).

The Group also sets aside a provision for the rehabilitation of exploration and production facilities. A provision representing the present value of the estimated rehabilitation costs is carried in liabilities with a matching entry to property, plant and equipment. The depreciation charge on this asset is included within current operating income and the cost of unwinding the discount is booked in financial expenses.

17.5 Other contingencies

This caption includes provisions for miscellaneous employee-related litigation, environmental risks and various business risks, as well as amounts intended to cover tax disputes, claims and similar contingencies. These are discussed in further detail in note 27, "Legal and anti-trust proceedings".

NOTE 18 POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

18.1 Description of the main pension plans

The Group's main pension plans are described below.

18.1.1 Companies belonging to the Electricity and Gas Industries sector in France

18.1.1.1 Description of pension plan

Since January 1, 2005, the CNIEG (*Caisse Nationale des Industries Électriques et Gazières*) has operated the pension, disability, death, labor accident and occupational illness benefit plans for electricity and gas industry companies (hereinafter "EGI"). The CNIEG is a social security legal entity under private law placed under the joint responsibility of the ministries in charge of social security, budget and energy. Salaried employees and retirees of EGI sector companies have been fully affiliated to the CNIEG since January 1, 2005.

The main Group companies covered by this plan are GDF SUEZ SA, GrDF, GRTgaz, Elengy, Storengy, DK6, Cycofos, CPCU, SPEM, TIRU, GEG, Compagnie Nationale du Rhône (CNR) and SHEM.

Law 2004-803 of August 9, 2004 (concerning electricity and gas public services and electricity and gas utilities) and its implementing decrees allocated specific benefits already vested at December 31, 2004 ("past specific benefits") between the various EGI entities. For each entity, the law also distinguished between (i) benefits related

to gas and electricity transmission and distribution businesses ("regulated past specific benefits"), and (ii) benefits related to other activities ("unregulated past specific benefits"). The specific benefits vested under the plan since January 1, 2005 will be wholly financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured by total payroll costs. Specific rights under the special pension plan applicable to EGI companies are on top of the standard benefits payable under ordinary law.

Regulated past specific benefits are funded by the levy on gas and electricity transmission and distribution services (*Contribution Tarifaire d'Acheminement*), and therefore no longer represent an obligation for the GDF SUEZ Group.

Unregulated past specific benefits are funded by EGI sector entities to the extent defined by decree no. 2005-322 of April 5, 2005. For GDF SUEZ, this funding obligation represents 3.69% of the past specific benefit obligations of all EGI sector companies.

18.1.1.2 Main features of the EGI pension reform in 2008

In accordance with the "Guidance Document on the Reform of Special Pension Plans" published by the French Ministry for Labor, Social Affairs and Solidarity on October 10, 2007, the special pension scheme for electricity and gas utilities was amended by decree no. 2008-69 of January 22, 2008. Following a transitional phase, the decree brings the pension scheme for these utilities into line with standard public sector pensions.

Decree no. 2008-627 of June 27, 2008 on the pension and disability scheme for employees of electricity and gas utilities amends Appendix 3 of the national statute for EGI sector employees. The decree reiterates the core principles of the pension reform enshrined in decree no. 2008-69 of January 22, 2008 and lays down the basis for the new rules governing the special EGI pension scheme since July 1, 2008.

This decree is supplemented by decree no. 2008-653 of July 2, 2008 which updates various provisions of the EGI statute.

The amendments made to the existing scheme came into force on July 1, 2008 and chiefly concern:

- an extension of the period during which employees pay in contributions;
- introduction of a discount/premium mechanism;
- the methodology for recalculating pensions.

During the transitional phase, the period over which employees have to pay in contributions before they can retire on a full pension – previously set at 150 quarters – will rise gradually up to 160 quarters on December 1, 2012. The scheme will then evolve in line with standard public sector pensions.

Discounts will be gradually introduced for employees who have not completed the required pay-in period.

The discount consists of applying a financial penalty to employees who have not paid in contributions over a sufficient period to qualify for a full pension. Conversely, a premium will be applied to employees who, under certain conditions, continue to work beyond 60 and have paid in contributions over more than 160 quarters.

Pensions and disability annuities will be recalculated as of January 1, 2009 on the basis of the retail price index (excluding tobacco).

As part of the pension reform and in accordance with the principles laid down by the Guidance Document, a first agreement was signed on January 29, 2008 for EGI sector companies. The agreement provides for the revaluation of the basic national salary for 2008 applicable to active and retired employees, modification of salary bands and changes in end-of-career indemnities.

The CNIEG is now responsible for the measurement of these and other "mutualized" obligations relating to EGI sector companies. The measurement is based on the assumption that employees defer retirement in order to receive an identical level of benefits and avoid the risk of incurring a discount.

In future, assumptions will be adjusted in line with actual behavior, which may have an impact on the financial statements.

18.1.2 Companies belonging to the electricity and gas sector in Belgium

In Belgium, the rights of employees in electricity and gas sector companies, principally Electrabel, Electrabel Customer Solutions (ECS), Fluxys, and Laborelec, and some SUEZ-Tractebel SA employee categories, are governed by collective bargaining agreements.

These agreements, applicable to "wage-rated" employees recruited prior to June 1, 2002 and managerial staff recruited prior to May 1, 1999, specify the benefits entitling employees to a supplementary pension equivalent to 75% of their most recent annual income, for a full career and in addition to the statutory pension. These top-up pension payments are provided under defined benefit plans are partly reversionary. In practice, the benefits are paid in the form of a lump sum for the majority of plan participants.

Most of the obligations resulting from these pension plans are financed through pension funds set up for the electricity and gas sector and by certain insurance companies.

Pre-funded pension plans are financed by employer and employee contributions. Employer contributions are calculated annually based on actuarial assessments, in order to verify that the minimum legal financing requirements are met and that the benefits will be financed in the long term.

"Wage-rated" employees recruited after June 1, 2002 and managerial staff recruited after May 1, 1999 are covered under defined contribution plans. However, for contributions paid since January 1, 2004, Belgian law specifies a minimum average annual return of 3.25% over the beneficiary's service life. Any deficit has to be borne by the employer. Therefore, for the portion of pension obligations corresponding to contributions paid since January 1, 2004, these plans should be considered as defined benefit plans. However, the plans continue to be recognized by the Group as defined contribution schemes, mainly because no

material net liability has been identified. In light of the crisis in the financial markets, the actual rate of return was compared with the guaranteed minimum rate of return. The unfunded portion was not material at December 31, 2009.

Electricity and gas sector companies also grant other employee benefits such as the reimbursement of medical expenses, electricity and gas price reductions, as well as length-of-service awards and early retirement schemes. These benefits are not pre-funded, with the exception of the special "*allocation transitoire*" termination indemnity (equal to three months' statutory pension), managed by an external insurance company. Since 2007, the length-of-service awards scheme has also been managed by an external insurance company.

The valuation of obligations takes into account, within the framework of the current regulatory context and of the collective bargaining agreements in force, the methods used by the electricity and gas supply sector in Belgium. With regard to the separation of production and distribution activities, the breakdown of obligations was reviewed and the consequences taken into account at December 31, 2006.

Moreover, measures concerning employees affiliated to the B scheme (providing for the payment of annuities) launched at the end of 2007 continued apace in 2008:

- retirees were given the opportunity to opt for a single lump-sum payment to replace their staggered annuity payments. This resulted in a settlement of €81 million in 2008 (excluding the cost of the capital paid to retirees in the amount of €63 million);
- active employees were given the opportunity to join the Elgabel pension plan (new funded step-rate formula), which led to a positive impact of €15 million.

The projected benefit obligation relating to these plans represented around 18% of total pension obligations and related liabilities at December 31, 2009.

Collective agreement applicable to employees of the Brussels headquarters

As part of the reorganization of the activities managed by Electrabel, SUEZ-Tractebel and GDF SUEZ CC, and employee transfers between these companies, the bylaws of Electrabel, SUEZ-Tractebel and GDF SUEZ CC were merged. In accordance with the pension provisions set out in these bylaws, managerial staff ("cadres") are eligible for the defined contribution plan operated by Electrabel for managerial staff recruited after May 1, 1999 (see section 18.1.2), through the consolidation of vested rights on a projected unit credit basis. More than 95% of the employees concerned chose to join this plan, effective as of January 1, 2009.

The transfer of employees to this scheme led to a virtually identical reduction in pension obligations and plan assets, which were transferred to the afore-mentioned defined contribution plan. As a result, the impact on the consolidated income statement was not material.

"Wage-rated" employees along with managerial staff opting not to join the plan continue to receive benefits under their original pension plans. All new recruits will be automatically affiliated to the defined contribution plan.

18.1.3 Other companies

Most other Group companies grant their employees retirement benefits. With regards to the financing, the pension plans are almost equally split between defined benefit and defined contribution plans.

The Group's main pension plans outside France and Belgium concern:

- United States: the UWR defined benefit plan is available to employees of the regulated sector. All US subsidiaries offer their employees a 401(k) type plan;
- Netherlands and Switzerland: employees are affiliated to multi-employer plans;
- United Kingdom: the large majority of defined pension plans are now closed to new entrants and benefits no longer vest under these plans. All entities run a defined contribution scheme;
- Germany: the Group's German subsidiaries have closed their defined benefit plans.

18.1.4 Multi-employer plans

Employees of some Group companies are affiliated to multi-employer pension plans. Multi-employer plans are particularly common in the Netherlands, where electricity and gas sector employees are normally required to participate in a compulsory industry-wide scheme, and also in Switzerland, where subsidiaries are members of the LPP (Occupational Benefits Act) scheme.

Under multi-employer plans, risks are pooled to the extent that the plan is funded by a single contribution rate determined for all affiliate companies and applicable to all employees. The GDF SUEZ Group accounts for multi-employer plans as defined contribution plans in accordance with IAS 19.

None of the plans are indexed to current retirement annuities. Some plans provide for an increase in the contribution rate commensurate with management imperatives in the wake of the financial crisis.

18.2 Description of other post-employment benefit obligations and long-term benefits

18.2.1 Other benefits granted to current and former EGI sector employees

Post-employment benefits:

- reduced energy prices;
- end-of-career indemnities;
- bonus leave;
- immediate bereavement benefits;
- partial reimbursement of educational expenses.

Long-term benefits:

- allowances for occupational accidents and illnesses;
- temporary and permanent disability allowances;
- length-of-service awards.

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18.2.1.1 Reduced energy prices

Under article 28 of the national statute for electricity and gas industry personnel, all employees (current and former employees, provided they meet certain length-of-service conditions) are entitled to benefits in kind which take the form of reduced energy prices known as "employee rates".

This benefit entitles employees to electricity and gas supplies at a reduced price. For the retirement phase, this represents a post-employment defined benefit which is recognized over the period during which the employee services are rendered. Retirees must have accumulated at least 15 years' service in EGI sector companies to be eligible for the reduced energy price scheme.

In accordance with the agreements signed with EDF in 1951, GDF SUEZ provides gas to all current and former employees of GDF SUEZ and EDF, while EDF supplies these same beneficiaries with electricity. GDF SUEZ pays (or benefits from) the balancing contribution payable in respect of its employees as a result of energy exchanges between the two utilities.

The obligation to provide energy at a reduced price to current and former employees is measured as the difference between the energy sale price and the preferential rates granted.

18.2.1.2 End-of-career indemnities

Further to the reform of EGI pensions as of July 1, 2008, retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length-of-service within the utilities.

18.2.1.3 Compensation for occupational accidents and illnesses

Like other employees under the standard pension scheme, EGI sector employees are entitled to compensation for accidents at work and other occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

18.2.2 Other collective agreements

Most other Group companies also grant their staff post-employment benefits (early retirement plans, medical coverage, benefits in kind, etc.) and other long-term benefits such as jubilee and length-of-service awards.

18.3 Defined benefit plans

18.3.1 Change in the amounts presented in the statement of financial position

In accordance with IAS 19, the information presented in the statement of financial position relating to post-employment benefit obligations and other long-term benefits results from the difference between the gross projected benefit obligation, the fair value of plan assets, unrecognized actuarial gains and losses, and any unrecognized past service cost. A provision is recognized in the statement of financial position if this difference is positive (net obligation), and a prepaid benefit cost when the difference is negative.

Changes in provisions for post-employment benefits and other long-term benefits, and prepaid costs recognized in the statement of financial position are as follows:

In millions of euros	Provisions	Assets
BALANCE AT DECEMBER 31, 2007	**(2,346.3)**	**47.7**
Exchange rate differences	34.3	
Changes in scope of consolidation and other	(1,610.6)	348.7
Actuarial gains and losses	(383.5)	(204.6)
Periodic pension cost	(234.6)	23.3
Asset ceiling/IFRIC 14	14.1	(2.4)
Contributions/benefits paid	375.7	(24.2)
BALANCE AT DECEMBER 31, 2008	**(4,150.8)**	**188.5**
Exchange rate differences	(43.9)	1.1
Changes in scope of consolidation and other	191.5	(27.7)
Actuarial gains and losses	229.6	(51.2)
Periodic pension cost	(413.7)	31.4
Asset ceiling/IFRIC 14	(2.4)	0.0
Contributions/benefits paid	327.4	54.2
BALANCE AT DECEMBER 31, 2009	**(3,862.3)**	**196.3**

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18.3.2 Change in benefit obligations

The Group's projected benefit obligations and plan assets are shown below:

In millions of euros		2009 Pension benefit obligations(a)	2009 Other post-employment benefits(b)	2009 Long-term benefits(c)	2009 Total	2008 Pension benefit obligations(a)	2008 Other post-employment benefits(b)	2008 Long-term benefits(c)	2008 Total
A - CHANGE IN PROJECTED BENEFIT OBLIGATION									
Projected benefit obligation at January 1		(5,634.1)	(1,705.2)	(481.8)	(7,821.2)	(4,065.8)	(474.7)	(238.5)	(4,778.9)
Service cost		(194.6)	(22.3)	(31.4)	(248.4)	(152.5)	(16.3)	(22.0)	(190.9)
Interest cost		(298.2)	(82.6)	(22.2)	(403.1)	(262.7)	(54.7)	(17.9)	(335.4)
Contributions paid		(11.7)			(11.7)	(7.8)			(7.8)
Amendments		16.2	(1.8)	(0.1)	14.3	7.1	5.2	0.8	13.1
Acquisitions/disposals of subsidiaries		269.1	64.5	(3.3)	330.3	(1,698.1)	(1,185.9)	(234.4)	(3,118.4)
Curtailments/settlements		54.5	5.7	2.5	62.7	105.0	(1.6)	1.9	105.4
Special terminations		77.9	(2.3)	(0.5)	75.1	4.3	(2.0)		2.4
Actuarial gains and losses		(57.3)	13.3	(3.1)	(47.2)	(24.1)	(22.3)	(2.2)	(48.6)
Benefits paid		383.5	69.2	44.9	497.6	337.7	51.1	31.4	420.2
Other (translation adjustments)		(107.6)	2.5	30.2	(74.9)	122.8	(4.1)	(1.1)	117.6
Projected benefit obligation at December 31	**A**	**(5,502.1)**	**(1,659.1)**	**(464.8)**	**(7,626.1)**	**(5,634.1)**	**(1,705.2)**	**(481.8)**	**(7,821.0)**
B - CHANGE FAIR VALUE OF PLAN ASSETS									
Fair value of plan assets at January 1		3,831.3	40.0	0.0	3,871.4	2,452.0	46.9	0.0	2,498.9
Expected return on plan assets		177.5	2.4		179.9	199.4	3.1		202.5
Actuarial gains and losses		175.7	2.3		178.1	(528.0)	(11.5)		(539.5)
Contributions received		235.0	23.0		257.9	275.8	40.3		316.0
Acquisitions/disposals of subsidiaries		(166.5)			(166.5)	1,856.5			1,856.5
Settlements		(46.5)	(4.9)		(51.4)	(9.3)			(9.3)
Benefits paid		(346.0)	(22.7)		(368.7)	(330.1)	(40.3)		(370.4)
Other (translation adjustments)		74.0	(1.1)		72.9	(84.8)	1.5		(83.3)
Fair value of plan assets at December 31	**B**	**3,934.3**	**39.0**	**0.0**	**3,973.4**	**3,831.3**	**40.0**	**0.0**	**3,871.3**
C - FUNDED STATUS	**A+B**	**(1,567.9)**	**(1,620.1)**	**(464.8)**	**(3,652.7)**	**(1,802.7)**	**(1,665.2)**	**(481.8)**	**(3,949.7)**
Unrecognized past service cost		(1.4)	(10.3)		(11.7)	12.3	(14.2)		(1.9)
Asset ceiling*		(1.4)	(1.0)		(2.4)	(10.0)	(0.7)		(10.7)
NET BENEFIT OBLIGATION	**A+B**	**(1,570.7)**	**(1,631.4)**	**(464.8)**	**(3,666.8)**	**(1,800.4)**	**(1,680.1)**	**(481.9)**	**(3,962.3)**
ACCRUED BENEFIT LIABILITY		(1,767.0)	(1,631.4)	(464.8)	(3,863.2)	(1,987.3)	(1,681.6)	(481.9)	(4,150.8)
PREPAID BENEFIT COST		196.3			196.3	186.9	1.6		188.5

* *Including additional provisions set aside on application of IFRIC 14.*
(a) Pensions and retirement bonuses.
(b) Healthcare, gratuities and other post-employment benefits.
(c) Length-of-service awards and other long-term benefits.

Changes in the scope of consolidation in 2009 essentially include the impact of the transfer of the obligations towards employees of Net Wallonie (€296 million) as well as the first-time consolidation of various subsidiaries within the Energy Europe & International business line.

Events in 2009 and expert advice confirmed GDF SUEZ SA's overall analysis of the net impact of the 2008 pension reform and attendant measures. With respect to the funding by the CTA of the impacts of the reform on regulated past specific benefits, the improved analysis led the Group to exclude strictly wage-based measures which would have given rise to a negative overall impact. Consequently, the provision recorded at the end of the previous reporting period is no longer justified and was reversed through non-recurring items (special termination).

18.3.3 Change in reimbursement rights

The Group's obligations as presented above are grossed up with the reimbursement rights resulting from the pension obligations of the inter-municipal companies and against the portion of plan assets held by Contassur following its reclassification as a related party[1]. Reimbursement rights described below are recorded in the statement of financial position under "Other assets".

18.3.3.1 Electrabel reimbursement right

Until 2008, obligations towards employees of Electrabel's distribution business were covered by a reimbursement right granted by the inter-municipal companies. Electrabel made personnel available to the inter-municipal companies for the operation of the networks. All related personnel costs (including pension costs) were billed by Electrabel to the inter-municipal companies based on actual costs. Electrabel's pension obligations regarding these employees were included within liabilities under provisions for pensions and other employee benefit obligations. The matching entry was a reimbursement right in respect of the inter-municipal companies for a similar amount. As this activity was sold at the beginning of 2009, this reimbursement right no longer exists.

Changes in the fair value of Electrabel's reimbursement right in 2009 are shown below:

In millions of euros	2009	2008
Fair value at January 1	**296**	**310**
Changes in the scope of consolidation	(296)	
Actuarial gains and losses		40
Net proceeds for the year		(14)
Contributions paid		(40)
FAIR VALUE AT DECEMBER 31	**0**	**296**

18.3.3.2 Reimbursement right relating to Contassur

Modifications to IAS 19 in 2000 concerning the notion of related parties led the Group to gross up its pension obligations against the plan assets held by Contassur, and to recognize them as reimbursement rights under assets on the statement of financial position. This operation had no impact on the consolidated income statement.

Changes in the fair value of the reimbursement rights relating to Contassur during 2009 are summarized below:

In millions of euros	2009	2008
Fair value at January 1	**147.2**	**179.3**
Expected return on plan assets	8.0	8.6
Actuarial gains and losses	16.9	(33.7)
Actual return	*24.9*	*(25.0)*
Employer contributions	19.9	12.2
Employee contributions	2.1	2.7
Acquisitions/disposals excluding *business combinations*	(20.4)	(6.6)
Benefits paid	(30.5)	(15.4)
FAIR VALUE AT DECEMBER 31	**143.1**	**147.2**

(1) Although Contassur is subject to the same management and control obligations as any insurance company, due to the structure of its customer base and the composition of its executive management, it is considered that the GDF SUEZ Group has the power to influence the company's management.

18.3.4 Actuarial gains and losses recognized in equity

Actuarial gains recognized in equity amounted to €376 million at December 31, 2009 compared to €554 million at end-2008.

In millions of euros	2009	2008
At January 1	**554.1**	**(85.9)**
Actuarial (gains)/losses generated during the year	(178.4)	640.0
At December 31	**375.7**	**554.1**

Actuarial gains and losses presented in the above table include translation adjustments, including those recorded on equity-accounted associates.

18.3.5 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2009 and 2008 breaks down as follows:

In millions of euros	2009	2008
Current service cost	248.3	190.8
Interest cost	403.0	335.3
Expected return on plan assets	(179.9)	(202.5)
Actuarial gains and losses*	3.1	2.2
Past service cost	(2.8)	(31.2)
Gains or losses on pension plan curtailments, terminations and settlements	(14.3)	(91.7)
Special terminations	(75.1)	8.4
TOTAL	382.3	211.3
o/w recorded in current operating income	159.2	78.5
o/w recorded in net financial income/(loss)	223.1	132.8

* *On long-term benefits.*

18.3.6 Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested in pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between return on investment and acceptable levels of risk.

The objectives of these strategies are twofold:

- to maintain sufficient income streams and liquidity to cover pension and other benefit payments;
- and as part of risk management, to achieve a long-term rate of return higher than the discount rate or where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund manager concerned. For French companies, where plan assets are invested with an insurance company, the latter manages the investment portfolio for unit-linked policies and guarantees a rate of return on assets in euro-denominated policies. These diversified funds are actively managed by reference to composite indexes and adapted to the long-term profile of the liabilities, taking into account eurozone government bonds and shares in front-ranking companies within and outside the eurozone.

The insurer’s sole obligation is to ensure a fixed minimum return on assets in euro-denominated funds.

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The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

	Projected benefit obligation	Fair value of plan assets	Unrecognized past service cost	Asset ceiling*	Total net obligation
Underfunded plans	(4,094.1)	2,054.9	(19.7)	(0.9)	**(2,059.9)**
Overfunded plans	(1,728.6)	1,918.5	(2.4)	(1.4)	**186.1**
Unfunded plans	(1,803.4)		10.3		**(1,793.1)**
TOTAL AT DECEMBER 31, 2009	**(7,626.1)**	**3,973.4**	**(11.8)**	**(2.3)**	**(3,666.8)**
Underfunded plans	(4,686.8)	2,251.0	(12.6)	(8.5)	**(2,456.9)**
Overfunded plans	(1,426.3)	1,620.3	(1.5)	(2.2)	**190.4**
Unfunded plans	(1,708.0)		12.2		**(1,695.8)**
TOTAL AT DECEMBER 31, 2008	**(7,821.0)**	**3,871.3**	**(1.9)**	**(10.7)**	**(3,962.3)**

* *Including additional provisions set aside on application of IFRIC 14.*

The allocation of plan assets by principal asset category can be analyzed as follows:

	2009	2008
Equities	29%	26%
Bonds	50%	47%
Real estate	3%	3%
Other (including money market securities)	19%	24%
TOTAL	**100%**	**100%**

18.3.7 Actuarial assumptions

Actuarial assumptions are determined individually per country and company in association with independent actuaries. Weighted discount rates are presented below:

	Pension benefit obligations		Other benefit obligations		Long-term benefit obligations		Total benefit obligations	
	2009	2008	2009	2008	2009	2008	2009	2008
Discount rate*	4.9%	5.2%	4.9%	5.2%	4.9%	5.2%	4.9%	5.2%
Estimated future increase in salaries	3.7%	3.5%	3.5%	3.5%	3.8%	3.5%	3.7%	3.5%
Expected return on plan assets	6.2%	6.9%	6.2%	6.4%	NA	6.4%	6.2%	6.8%
Average remaining working lives of participating employees	14 years	13 years	14 years	13 years	14 years	13 years	14 years	13 years

* *Euro zone.*

18.3.7.1 Discount rate

The discount rate applied is determined based on the yield, at the date of the calculation, on top-rated corporate bonds with maturities mirroring the likely maturity of the plan.

The discount rates used for EUR, USD and GBP represent 10, 15, and 20-year rates on AA composite indexes referenced by Bloomberg.

According to the Group's estimates, a 1% increase or decrease in the discount rate would result in a change of approximately 9.8% in the obligations.

18.3.7.2 Expected return on plan assets

To calculate the expected return on plan assets, the portfolio is divided into sub-groups of homogenous components sorted by major asset class and geographic area, based on the composition of the benchmark indexes and volumes in each fund at December 31 of the previous year.

An expected rate of return is assigned to each sub-group for the period, based on information published by a third party. The fund's overall performance in terms of absolute value is then compiled and compared with the value of the portfolio at the beginning of the period.

The expected return on plan assets is calculated in light of market conditions and based on a risk premium. The risk premium is calculated by reference to the supposedly risk-free rate on government bonds, for each major asset class and geographical area.

The value of plan assets relating to the Group's Belgian entities in 2009 was measured based on a 5% return on plan assets managed by Group insurance companies and a 13.2% return on assets managed by pension funds.

The return on plan assets for companies eligible for the EGI pension scheme was 9% in 2009.

According to the Group's estimates, a 1% increase or decrease in the expected return on plan assets would result in a change of approximately 9.2% in the value of plan assets.

18.3.7.3 Other assumptions

The rate of increase in medical costs (including inflation) was estimated at 3.0%.

A one percentage point change in the assumed increase in healthcare costs would have the following impacts:

In millions of euros	One point increase	One point decrease
Impact on expenses	4.2	(3.3)
Impact on pension obligations	45.4	(37.7)

18.3.8 Experience adjustments

The breakdown of experience adjustments giving rise to actuarial gains and losses is as follows:

	2009		2008		2007		2006	
In millions of euros	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations
Projected benefit obligation at December 31	(5,502.1)	(2,123.9)	(5,634.0)	(2,187.0)	(4,065.8)	(713.1)	(4,412.9)	(804.2)
Fair value of plan assets	3,934.3	39.0	3,831.3	40.0	2,452.0	46.9	2,406.4	46.9
Surplus/deficit	(1,567.8)	(2,084.9)	(1,802.7)	(2,147.0)	(1,613.8)	(666.2)	(2,006.5)	(757.3)
Experience adjustments to projected benefit obligation	(5.4)	(14.7)	(95.0)	12.0	(11.9)	(61.7)	59.2	(4.1)
• as a % of the total	0%	1%	2%	- 1%	0%	9%	- 1%	1%
Experience adjustments to fair value of plan assets	175.7	2.3	528.0	11.5	(9.0)	1.2	(19.1)	1.2
• as a % of the total	4%	6%	14%	29%	0%	3%	- 1%	3%

18.3.9 Geographical breakdown of net obligations

In 2009, the geographical breakdown of the main obligations and actuarial assumptions (including inflation) were as follows:

	Eurozone			UK			US			Rest of the world		
In millions of euros	Pension benefit obligations	Other benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other benefit obligations	Long-term benefit obligations
Net benefit obligations	(1,259)	(1,533)	(445)	(16)			(71)	(39)		(222)	(48)	(19)
Discount rate	4.8%	4.9%	4.7%	5.9%			5.9%	6.2%		8.1%	2.8%	3.4%
Estimated future increase in salaries	3.2%	2.4%	2.8%	4.4%			3.1%	3.1%		6.8%	4.0%	3.6%
Expected return on≈plan assets	5.7%	3.8%		6.5%			8.5%	8.5%		9.0%	5.2%	
Average remaining working lives of participating employees (years)	15	15	14	11			13	15		12	12	8

18.3.10 Payments due in 2010

The Group expects to pay around €101 million in contributions into its defined benefit plans in 2010, as well as €59 million for EGI sector companies. Annual contributions in respect of EGI sector companies will be made by reference to rights vested in the year, taking into account the funding level for each entity in order to even out contributions over the medium term.

18.4 Defined contribution plans

In 2009, the Group recorded a €93.5 million charge in respect of amounts paid into Group defined contribution plans (€112.8 million in 2008).

These contributions are recorded under "Personnel costs" in the consolidated income statement.

NOTE 19 EXPLORATION & PRODUCTION ACTIVITIES

19.1 Exploration & Production assets

Exploration & Production assets include the following items:

In millions of euros	Licenses	Assets in development phase	Assets in production phase	Total
A. Gross amount				
At December 31, 2007	**0.0**	**0.0**	**0.0**	**0.0**
Changes in scope of consolidation	171.8	319.7	5,196.4	5,687.9
Acquisitions	186.3	543.2	750.6	1,480.1
Disposals			(63.2)	(63.2)
Translation adjustments	(15.4)	(119.2)	(382.6)	(517.2)
Other	61.1	(25.4)	(45.8)	(10.1)
At December 31, 2008	**403.8**	**718.3**	**5,455.4**	**6,577.5**
Changes in scope of consolidation				
Acquisitions	378.8	573.7	179.9	1,132.5
Disposals	(88.3)		(1.1)	(89.4)
Translation adjustments	2.2	121.0	184.0	307.1
Other	81.8	6.9	8.8	97.6
At December 31, 2009	**778.4**	**1,419.9**	**5,827.0**	**8,025.3**
B. Accumulated amortization, depreciation and impairment				
At December 31, 2007	**0.0**	**0.0**	**0.0**	**0.0**
Changes in scope of consolidation				0.0
Disposals			14.5	14.5
Amortization, depreciation and impairment	(42.5)		(372.2)	(414.7)
Translation adjustments	5.6		164.6	170.2
Other				0.0
At December 31, 2008	**(36.9)**	**0.0**	**(193.1)**	**(230.0)**
Changes in scope of consolidation				
Disposals	4.4			4.4
Amortization, depreciation and impairment	(182.5)		(701.0)	(883.5)
Translation adjustments	2.5	(0.2)	(15.8)	(13.5)
Other	(49.4)	(3.7)	(141.4)	(194.6)
At December 31, 2009	**(262.0)**	**(3.9)**	**(1,051.3)**	**(1,317.2)**
C. Carrying amount				
At December 31, 2007	**0.0**	**0.0**	**0.0**	**0.0**
At December 31, 2008	**366.9**	**718.3**	**5,262.3**	**6,347.5**
At December 31, 2009	**516.4**	**1,415.9**	**4,775.7**	**6,708.1**

Acquisitions in 2009 include mainly licenses in Indonesia (€101 million) and Algeria (€104 million), as well as assets in development phase in Norway (€484 million).

Impairment during the period mainly relates to licenses in the Gulf of Mexico and in Libya.

19.2 Capitalized exploration costs

The following table provides a breakdown of the net change in capitalized exploration costs:

	2009	2008
At January 1	275.0	
Changes in scope of consolidation		206.0
Capitalized exploration costs for the year	121.0	163.0
Amounts previously capitalized and expensed during the year	(79.9)	(53.0)
Amount transferred to assets in development phase	(240.9)	(41.0)
Other		
AT DECEMBER 31	75.2	275.0

NOTE 20 FINANCE LEASES

20.1 Finance leases for which GDF SUEZ acts as lessee

The carrying amounts of property, plant and equipment held under finance leases are broken down into different categories depending on the type of asset concerned.

The main finance lease agreements entered into by the Group primarily concern Novergie's incineration facilities, the Choctaw power station in the United States and Elyo's co-generation plants.

The present values of future minimum lease payments break down as follows:

	Future minimum lease payments at Dec. 31, 2009		Future minimum lease payments at Dec. 31, 2008	
In millions of euros	Undiscounted value	Present value	Undiscounted value	Present value
Year 1	184.8	178.6	240.3	227.0
Years 2 to 5 inclusive	638.0	578.9	803.5	706.6
Beyond year 5	771.0	470.0	913.6	485.8
TOTAL FUTURE MINIMUM LEASE PAYMENTS	1,593.8	1,227.5	1,957.3	1,419.5

The following table provides a reconciliation of maturities of liabilities under finance leases as reported in note 14.2.1 with the maturities of undiscounted future minimum lease payments:

In millions of euros	Total	Year 1	Years 2 to 5 inclusive	Beyond year 5
Liabilities under finance leases	1,397.7	156.4	540.7	700.6
Impact of discounting future repayments of principal and interest	196.1	28.4	97.4	70.4
UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS	1,593.8	184.8	638.0	771.0

20.2 Finance leases for which GDF SUEZ acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables for Solvay, Lanxess (Belgium), Bowin (Thailand) and Air Products (Netherlands) in relation to co-generation plants. It has also recognized finance lease receivables on the sale of transmission capacities in Mexico.

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Undiscounted future minimum lease payments	671.7	628.5
Unguaranteed residual value accruing to the lessor	28.0	27.5
TOTAL GROSS INVESTMENT IN THE LEASE	**699.7**	**656.0**
Unearned financial income	**129.1**	**125.9**
NET INVESTMENT IN THE LEASE	570.6	530.2
• o/w present value of future minimum lease payments	556.4	518.6
• o/w present value of unguaranteed residual value	14.2	11.6

Amounts recognized in the statement of financial position in connection with finance leases are detailed in note 14.1.2, “Loans and receivables at amortized cost”.

Undiscounted future minimum lease payments receivable under finance leases can be analyzed as follows:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Year 1	164.7	106.5
Years 2 to 5 inclusive	279.8	283.7
Beyond year 5	227.3	238.3
TOTAL	671.7	628.5

NOTE 21 OPERATING LEASES

21.1 Operating leases for which GDF SUEZ acts as lessee

The Group has entered into operating leases mainly in connection with LNG tankers, and miscellaneous buildings and fittings.

Operating lease income and expense for 2009 and 2008 can be analyzed as follows:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Minimum lease payments	(708.3)	(653.6)
Contingent lease payments	(134.5)	(139.9)
Sub-letting income	4.0	20.7
Sub-letting expenses	(102.8)	(99.4)
Other operating lease expenses	(120.0)	(72.7)
TOTAL	(1,061.7)	(944.9)

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Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Year 1	608.4	439.3
Years 2 to 5 inclusive	1,523.4	1,209.6
Beyond year 5	1,736.0	1,077.2
TOTAL	**3,867.8**	**2,726.2**

21.2 Operating leases for which GDF SUEZ acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern primarily the HHPC plant in Thailand, the Baymina plant in Turkey, and the Hopewell, Red Hills and Trigen plants in the United States. Operating lease income for 2009 and 2008 can be analyzed as follows:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Minimum lease payments	711.5	310.4
Contingent lease payments	0.0	0.0
TOTAL	**711.5**	**310.4**

Future minimum lease payments receivable under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Year 1	480.9	551.4
Years 2 to 5 inclusive	1,880.5	2,002.2
Beyond year 5	2,112.9	2,186.9
TOTAL	**4,474.2**	**4,740.5**

NOTE 22 SERVICE CONCESSION ARRANGEMENTS

SIC 29 – Disclosure – Service Concession Arrangements was published in May 2001 and prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and a concession operator.

IFRIC 12 published in November 2006 prescribes the accounting treatment applicable to concession arrangements meeting certain criteria in which the concession grantor is considered to control the related infrastructure (see note 1.4.7).

As described in SIC 29, a service concession arrangement generally involves the grantor conveying for the period of the concession to the operator:

(a) the right to provide services that give the public access to major economic and social facilities; and

(b) in some cases, the right to use specified tangible assets, intangible assets, and/or financial assets,

in exchange for the operator:

(c) committing to provide the services according to certain terms and conditions during the concession period; and

(d) when applicable, committing to return at the end of the concession period the rights received at the beginning of the concession period and/or acquired during the concession period.

The common characteristic of all service concession arrangements is that the operator both receives a right and incurs an obligation to provide public services.

The Group manages a large number of concessions as defined by SIC 29 covering drinking water distribution, water treatment, waste collection and treatment, and gas and electricity distribution.

These concession arrangements set out rights and obligations relative to the infrastructure and to the public service, in particular the obligation to provide users with access to the public service. In certain concessions, a schedule is defined specifying the period over which users should be provided access to the public service. The terms of the concession arrangements vary between 10 and 65 years, depending mainly on the level of capital expenditure to be made by the concession operator.

In consideration of these obligations, GDF SUEZ is entitled to bill either the local authority granting the concession (mainly incineration and BOT water treatment contracts) or the users (contracts for the distribution of drinking water or gas and electricity) for the services provided. This right to bill gives rise to an intangible asset, a tangible asset, or a financial asset, depending on the applicable accounting model (see note 1.4.7).

The tangible asset model is used when the concession grantor does not control the infrastructure. For example, this is the case with water distribution concessions in the United States, which do not provide for the return of the infrastructure to the grantor of the concession at the end of the contract (and the infrastructure therefore remains the property of GDF SUEZ), and also gas distribution concessions in France, which fall within the scope of law no. 46-628 of April 8, 1946.

A general obligation also exists to return the concession infrastructure to good working condition at the end of the concession. Where appropriate (see note 1.4.7), this obligation leads to the recognition of a capital renewal and replacement liability (see note 14.2.3).

Services are generally billed at a fixed price which is linked to a particular index over the term of the contract. However, contracts may contain clauses providing for price adjustments (usually at the end of a five-year period) if there is a change in the economic conditions forecast at the inception of the contracts. By exception, contracts exist in certain countries (e.g., the United States and Spain) which set the price on a yearly basis according to the costs incurred under the contract. These costs are therefore recognized in assets (see note 1.4.7). For the distribution of natural gas in France, the Group applies the ATRD rates set by the Minister of Ecology, Energy, Sustainable Development and Sea, following consultation with the French Energy Regulatory Commission (CRE). Since July 1, 2008, the Group has applied the ATRD 3 rates set by the Ministerial decree of June 2, 2008, which were indexed on July 1, 2009 pursuant to the Ministerial decree of June 24, 2009. The ATRD 3 rates schedule introduced a new regulatory framework covering a period of four years and incorporating a number of productivity targets. The schedule was established based on capital charges made up of (i) depreciation expense and (ii) the rate of return on capital employed. These two components are computed by reference to the valuation of assets operated by the Group, known as the "Regulated Asset Base" (RAB). The RAB includes the following asset groups: pipelines and connections, pressure-regulation stations, meters, other technical facilities, buildings and IT equipment. To determine the annual capital charges, the CRE applies a depreciation period ranging from 5 to 45 years. Pipelines and connections, which represent 95% of the assets included in the Regulated Asset Base, are depreciated over a period of 45 years. The rate of return on capital employed is calculated based on a return of 6.75% on the RAB (actual rate before income tax).

NOTE 23 CASH FLOWS

23.1 Reconciliation with income tax expense in the consolidated income statement

TOTAL IMPACT IN THE STATEMENT OF CASH FLOWS.

	Tax cash flows (income tax expense)	
In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Impact in the income statement	**(1,719.3)**	**(911.9)**
• provisions for income taxes	5.3	58.4
• deferred tax	79.4	41.8
• other[1]	258.0	(994.6)
Impact in the statement of cash flows	**(1,376.6)**	**(1,806.3)**

(1) In 2008, the "Other" line includes €944 million in additional income tax expense corresponding mainly to prepaid income tax disbursed by the tax consolidation groups headed by GDF SUEZ SA and SUEZ Environnement Company. These prepayments were recovered in 2009 on settlement of the effective amount of income tax payable for 2008.

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23.2 Reconciliation with net financial income/(loss) in the consolidated income statement

	Financial cash flows (net financial income/loss)	
In millions of euros	2009	2008
Impact in the income statement	**(1,627.6)**	**(1,494.1)**
Changes in amortized cost	388.8	62.4
Foreign currency translation and changes in fair value	(159.0)	129.8
Unwinding of discounting adjustments to provisions	601.4	489.0
Other	(7.1)	(0.7)
Impact in the statement of cash flows adjusted for changes in the statement of financial position	**(803.4)**	**(813.7)**
Breakdown of the impact in the statement of cash flows		
Interest received on non-current financial assets	79.7	129.9
Dividends received on non-current financial assets	234.6	219.6
Interest paid	(1,293.4)	(1,482.6)
Interest received on cash and cash equivalents	148.9	260.7
Change in financial assets at fair value through income	(993.2)	517.8
TOTAL IMPACT IN THE STATEMENT OF CASH FLOWS	**(1,823.3)**	**(354.6)**
Change in the statement of financial position of financial assets at fair value	1,019.8	(459.1)
Impact in the statement of cash flows adjusted for changes in the statement of financial position	**(803.4)**	**(813.7)**

NOTE 24 SHARE-BASED PAYMENT

Expenses recognized in respect of share-based payment break down as follows:

		Expense for the year	
	Notes	2009	2008
Stock option plans	*24.1*	58.2	54.6
Employee share issues	*24.2*	-	-
Share Appreciation Rights*	*24.2*	10.5	15.5
Bonus/performance share plans	*24.3*	148.6	114.6
Exceptional bonus	*24.4*	3.7	5.5
TOTAL		221.0	190.2

* *Set up within the scope of employee share issues in certain countries.*

24.1 Stock option plans

24.1.1 Stock option policy

GDF SUEZ's stock option policy aims to closely involve executive and senior management, as well as high-potential managers, in the future development of the Group and in creating shareholder value.

The award of stock purchase or subscription options is also a means of fostering employee loyalty, both in terms of adhesion to Group values and commitment to strategic policies. Conditions for the award of options and the list of beneficiaries are approved by the Board of Directors in accordance with authorizations granted at Shareholders' Meetings.

In 2007, Executive Management reaffirmed its wish to maintain a growing base of beneficiaries, so as to preserve the coherence of SUEZ's policy in this area. The decision taken in 2000 not to apply a discount when determining the option price was renewed in 2009.

Since the Board of Directors' decision in 2005, the number of options awarded has been reduced and partly replaced by an award of bonus SUEZ shares, made available to more employees than were previously eligible for stock options.

Furthermore, the Board of Directors decided that the exercise of a portion of options awarded would be subject to certain conditions, provided for in the conditional system for the Group's executive managers and in the enhanced conditional system for members of the Group's Executive Committee. Details of the various plans are provided in previous reference documents. Pursuant to the initial rules governing the plans and the Board of Directors' decision of October 18, 2006, the objectives defined as performance conditions applicable to stock option plans were lowered as a result of the merger with Gaz de France in 2008 by applying a coefficient of 0.80.

At the Group's Shareholders' Meeting in 2009, members of the Executive Committee announced their joint decision to waive any stock option grants for 2009. However, they reiterated their commitment to long-term performance-based incentive strategies. In this respect, the Group's Board of Directors resolved to grant 5.2 million new stock purchase options on November 10, 2009. For 700 executive managers, half of the options awarded are subject to a performance condition. This condition states that the options may be exercised if, at the end of the lock-up period, the GDF SUEZ share price is equal to or higher than the exercise price, adjusted to reflect the performance of the Eurostoxx Utilities index over the period from Monday November 9, 2009 to Friday November 8, 2013 inclusive.

In connection with the US delisting procedure, stock options granted to employees of Group companies in the US were replaced in 2007 by a Share Appreciation Rights scheme, which entitles beneficiaries to a cash payment equal to the profit they would make on exercising their options and immediately selling the underlying shares.

24.1.2 Details of stock option plans in force

Plan	Date of authorizing AGM	Vesting date	Adjusted exercise price	Number of beneficia-ries per plan	Outstanding options at Dec. 31, 2008	Number of shares to be subscribed by the Executive Committee**	Options exer-cised***	Options canceled	Outstanding options at Dec. 31, 2009	Expiration date	Resi-dual life
11/28/2000*	5/5/2000	11/28/2004	32.38	1,347	3,075,557	1,193,708		50,326	3,025,231	11/28/2010	0.9
12/21/2000*	5/5/2000	12/21/2004	33.66	510	1,144,733	153,516		83,313	1,061,420	12/20/2010	1.0
11/28/2001*	5/4/2001	11/28/2005	30.70	3,161	5,916,989	1,784,447		215,527	5,701,462	11/27/2011	1.9
11/20/2002*	5/4/2001	11/20/2006	15.71	2,528	2,128,451	1,327,819	171,375	43,229	1,913,847	11/19/2012	2.9
11/19/2003*	5/4/2001	11/19/2007	12.39	2,069	2,304,696	1,337,540	337,080	3,378	1,964,238	11/18/2011	1.9
11/17/2004*	4/27/2004	11/17/2008	16.84	2,229	7,409,339	1,320,908	1,212,909	17,762	6,178,668	11/16/2012	2.9
12/9/2005*	4/27/2004	12/9/2009	22.79	2,251	6,667,087	1,352,000	213,065	63,034	6,390,988	12/9/2013	3.9
1/17/2007	4/27/2004	1/16/2011	36.62	2,190	5,904,060	1,218,000	0	72,447	5,831,613	1/16/2015	5.0
11/14/2007	5/4/2007	11/13/2011	41.78	2,104	4,616,838	804,000	0	64,827	4,552,011	11/13/2015	5.9
11/12/2008	7/16/2008	11/12/2012	32.74	3,753	7,645,990	2,615,000		1,207,050	6,438,940	11/11/2016	6.9
11/10/2009	05/04/2009	11/10/2013	29.44	4,036		0			5,240,854	11/09/2017	7.9
TOTAL					**46,813,740**	**13,106,938**	**1,934,429**	**1,820,893**	**48,299,272**		

* *Exercisable plans.*

** *Corresponding to the Management Committee at the time the options were awarded in 2000 and 2001.*

*** *In certain specific circumstances such as retirement or death, outstanding options may be exercised in advance of the vesting date.*

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24.1.3 Number of stock options

	Options	Average exercise price
Balance at December 31, 2008	**46,813,740**	**27.71**
Granted	5,240,854	29.44
Exercised	(1,934,429)	16.62
Canceled	(1,820,893)	32.07
BALANCE AT DECEMBER 31, 2009	**48,299,272**	**28.61**

The average price of the GDF SUEZ share in 2009 was €28.09.

24.1.4 Fair value of stock option plans in force

Stock option plans are mainly valued using a binomial model drawing on the following assumptions:

	2009 plan[d]	2008 plan	November 2007 plan	January 2007 plan	2005 plan	2004 plan
Volatility[a]	32.41%	35.16%	33.71%	32.87%	31.25%	29.66%
Risk-free rate[b]	3.13%	3.63%	4.03%	4.00%	3.25%	3.70%
In euros						
Dividend[c]	1.6	1.39	1.34	1.2	0.8	0.8
Fair value of options at the grant date	6.27	9.33	15.04	12.28	7.24	4.35

(a) Volatility corresponds to a moving average of volatilities over the life of the plan.
(b) The risk-free interest rate corresponds to a risk-free rate over the life of the plan.
(c) Last dividend paid/recommended.
(d) Options without performance conditions only.

In 2009, the fair value of stock options subject to market-based performance conditions was €5.41 per option, calculated using Monte Carlo simulations. Eurostoxx Utilities assumptions used as the basis for the performance condition were defined based on the historical performance of the index over an eight-year period, which mirrors the term of the options:

- correlation between the GDF SUEZ share and the Eurostoxx Utilities index: 77.3%;
- volatility of the Eurostoxx Utilities index: 18.71%.

24.1.5 Accounting impact

Based on a staff turnover assumption of 5%, the expense recorded during the period in relation to stock option plans was as follows:

In millions of euros	Expense for the year	
Grant date	**2009**	**2008**
11/17/2004		7.9
12/09/2005	10.4	11.2
01/17/2007	16.5	17.1
11/14/2007	15.7	15.9
11/12/2008	14.3	2.5
11/10/2009	1.1	
12/17/2009	0.1	
TOTAL	**58.2**	**54.6**

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As allowed under IFRS 2, an expense has been recognized only for options granted after November 7, 2002 that had not yet vested at January 1, 2005.

Adjustments made to beneficiaries' rights following the merger have no impact on the expense for the period.

24.1.6 Share Appreciation Rights

The award of Share Appreciation Rights (SARs) to US employees since 2007 (as replacement for stock options) does not have a material impact on the Group's consolidated financial statements.

24.2 Employee share issues

24.2.1 Description of plans available

Employees were previously entitled to subscribe to share issues under SUEZ Group corporate savings plans. They may subscribe to either:

- The Spring Classique plan: this plan allows employees to subscribe to shares either directly or via an employee investment fund at lower-than-market price; or
- The Spring Multiple plan: under this plan, employees may subscribe to SUEZ shares, either directly or via an employee investment fund. The plan also entitles them to benefit from any appreciation in the Group share price (leverage effect) at the end of the mandatory lock-up period; or
- Share Appreciation Rights (SARs): this leveraged plan entitles beneficiaries to receive a cash bonus equal to the appreciation in the Company's stock after a period of five years. The resulting employee liability is covered by warrants.

24.2.2 Accounting impact

There were no employee share issues in 2009.

The accounting impact of cash-settled Share Appreciation Rights consists in recognizing a payable to the employee over the vesting period of the rights, with the corresponding adjustment recorded in income. At December 31, 2009, the fair value of the liability related to the 2005 and 2007 awards amounted to €12.5 million. The Spring 2004 plan matured on December 29, 2009, resulting in the exercise of 112,313 warrants for an amount of €16.4 million.

The fair value of the liability is determined using the Black & Scholes model.

The impact of these awards on the consolidated income statement – including coverage by warrants – is €10.5 million.

24.3 Performance bonus share plans

24.3.1 Bonus share policy in 2009

As part of a global financial incentive scheme implemented in 2007 to involve employees more closely in the Group's performance, each employee received bonus shares in 2007 and 2008, subject to certain performance conditions. As the scheme covers a period of three years, the Board of Directors' meeting of July 8, 2009 resolved to award a further 20 bonus shares to each employee for 2009, also subject to certain conditions. At the same time, the Board of Directors of SUEZ Environnement Company decided to award 30 bonus shares to each of its employees, in addition to the GDF SUEZ plan under which SUEZ Environnement employees will also receive eight bonus GDF SUEZ shares.

The Board of Directors' meeting of November 10, 2009 awarded 1,693,840 performance shares, subject to a vesting period of two or four years depending on the country concerned.

Performance shares are awarded on the basis of several conditions:

- presence in the Group (except in the event of retirement, death or disability);
- a performance condition related to Group EBITDA;
- a mandatory holding period of two or three years as from the final vesting date (March 15, 2012) in certain countries.

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24.3.2 Details of bonus share plans in force

Grant date	Number of shares awarded**	Fair value per share
February 2007 plan (SUEZ)	989,559	36.0
June 2007 plan (GDF)	1,539,009	33.4
July 2007 plan (SUEZ)	2,175,000	37.8*
August 2007 plan (SUEZ)	193,686	32.1
November 2007 plan (SUEZ)	1,244,979	42.4
May 2008 plan (GDF)	1,586,906	40.3
June 2008 plan (SUEZ)	2,372,941	39.0
November 2008 plan (GDF SUEZ)	1,812,548	28.5*
July 2009 plan (GDF SUEZ)	3,297,014	19.7*
July 2009 plan (SUEZ Environnement)	2,040,810	9.6*
November 2009 plan (GDF SUEZ)	1,693,840	24.8*
December 2009 plan (SUEZ Environnement)	173,852	12.3*
BALANCE AT DECEMBER 31, 2009	**19,120,144**	**29.5**

* *Weighted average.*

** *Number of shares awarded after adjustments relating to the merger with Gaz de France in 2008.*

24.3.3 Valuation model used

In accordance with IFRS 2, the Group estimated the fair value of goods or services received during the period by reference to the fair value of the equity instruments rewarded as consideration for such goods or services.

Fair value was estimated at the grant date, representing the date the Board of Directors approved the award. The fair value of shares awarded corresponds to the market price of the shares at the grant date, adjusted for (i) the estimated loss of dividends during the vesting period, and (ii) the cost of the non-transferability restriction applicable to the shares.

In accordance with the recommendation of the French National Accounting Board (*Conseil National de la Comptabilité* – CNC), the cost of the non-transferability restriction for the employee is assessed assuming a situation in which the employee sells the share at the end of the mandatory holding period and borrows the amount required to immediately purchase an ordinary share, financing the loan by a forward sale and by any dividends paid during such holding period.

For awards made in 2009, the discount applied to reflect the cost of the restriction for the employee is calculated based on an average rate of 6.4% and represents €4.8 million to be amortized over the vesting period. A 0.5% rise or fall in the borrowing rate would have an impact of €1.0 million on this discount.

The cost of the plan is recognized in personnel costs on a straight-line basis between the grant date and the date on which the conditions for the award are fulfilled, and offset directly against equity. The cost may be adjusted for any revisions to assumptions regarding staff turnover rates during the period or compliance with performance conditions. The final figure will be determined based on the number of shares effectively awarded at the end of said period.

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24.3.4 Impact on income for the period

The expense recorded during the period in relation to bonus share plans in force is as follows:

Grant date	Expense for the year	
In millions of euros	2009	2008
February 2006 plan (SUEZ)	0.0	1.7
February 2007 plan (SUEZ)	3.2	15.8
June 2007 plan (GDF)	8.2	12.8
July 2007 plan (SUEZ)	18.9	27.8
August 2007 plan (SUEZ)	1.1	1.1
November 2007 plan (SUEZ)	20.4	20.4
May 2008 plan (GDF)	29.4	14.8
June 2008 plan (SUEZ)	30.3	17.6
November 2008 plan (GDF SUEZ)	19.1	2.6
July 2009 plan (GDF SUEZ)	12.3	
July 2009 plan (SUEZ Environnement)	3.4	
November 2009 plan (GDF SUEZ)	2.2	
December 2009 plan (SUEZ Environnement)	0.0	
TOTAL	148.6	114.6

24.4 SUEZ exceptional bonus

In November 2006, SUEZ introduced a temporary exceptional bonus award scheme aimed at rewarding employee loyalty and involving employees more closely in the Group's success. This scheme provides for the payment of an exceptional bonus equal to the value of four SUEZ shares in 2010 and the amount of gross dividends for the period 2005-2009 (including any special dividends). Since the merger, the calculation has been based on a basket of shares comprising one GDF SUEZ share and one SUEZ Environnement Company share.

Around 166,000 Group employees were eligible for this bonus at December 31, 2009.

The accounting impact of this cash-settled instrument consists in recognizing a payable to the employee over the vesting period of the rights, with the corresponding adjustment recorded in income. At December 31, 2009, the corresponding expense amounted to €3.7 million. The estimated fair value of the liability upon expiration of the plan is €22.5 million.

NOTE 25 RELATED PARTY TRANSACTIONS

This note describes material transactions between the Group and its related parties.

Compensation payable to key management personnel is disclosed in Note 26.

The Group's main subsidiaries (fully consolidated companies) are listed in Note 29. Only material transactions are described below.

25.1 Relations with the French State and with entities owned or partly owned by the French State

25.1.1 Relations with the French State

Further to the merger between Gaz de France and SUEZ on July 22, 2008, the French State owns 35.88% of GDF SUEZ and holds 7 out of 24 seats on its Board of Directors.

The French State holds a golden share aimed at protecting France's critical interests and ensuring the continuity and safeguarding of supplies in the energy sector. The golden share is granted to the French State indefinitely and entitles it to veto decisions taken by GDF SUEZ if it considers they could harm France's interests.

Public service engagements in the energy sector are defined by the law of January 3, 2003.

They are implemented by means of a new public service contract dated December 23, 2009, which sets out the Group's public service obligations and the conditions for rate regulation in France:

- as part of its public service obligations, the Group is reinforcing its commitments in terms of the protection of goods and individuals, solidarity and assistance to low-income customers, sustainable development and research;
- regarding the conditions for rate regulation in France, a decree was published in connection with the contract redefining the overall regulatory framework for setting and changing natural gas rates in France, along with a ministerial order specifying the rate-changing mechanism for 2010. The mechanism as a whole provides clearer direction on the conditions for changing regulated rates, notably through rate change forecasts based on costs incurred. It also establishes rules and responsibilities for the various players over the period 2010-2013.

25.1.2 Relations with EDF

Following the creation on July 1, 2004 of the French gas and electricity distribution network operator (EDF Gaz de France Distribution), Gaz de France and EDF entered into an agreement on April 18, 2005 setting out their relationship as regards the distribution business. The December 7, 2006 law on the energy sector reorganized the natural gas and electricity distribution networks. ERDF SA, a subsidiary of EDF SA, and GRDF SA, a subsidiary of GDF SUEZ SA, were created on January 1, 2007 and January 1, 2008, respectively, and act in accordance with the agreement previously signed by the two incumbent operators.

25.2 Relations with the CNIEG (Caisse Nationale des Industries Electriques et Gazières)

The Group's relations with the CNIEG, which manages all old-age, disability and death benefits for employees of EDF, GDF SUEZ SA and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN) are described in note 18.

25.3 Transactions with joint-ventures and associates

25.3.1 Joint ventures

Gaselys

Gaselys was fully consolidated with effect from January 1, 2009. Accordingly, this note does not include any comments on transactions carried out with Gaselys in 2009.

Gaselys is a trading company on gas and electricity markets in Europe, and is also active on markets for oil and oil products, CO_2 emissions quotas and coal.

GDF SUEZ develops its risk management, asset optimization and trading activities through Gaselys.

In 2008, these activities generated sales and purchases between the Group and its subsidiary amounting to €1,149 million and €2,161 million, respectively.

At December 31, 2008, the Group's statement of financial position showed a net debit balance of €344 million with its subsidiary, comprising trade receivables and payables, margin calls and derivative instruments. These derivatives were mainly contracted to manage the risks to which the Group is exposed, and resulted in the recognition of an unrealized loss for €762 million in equity before tax and an unrealized gain for €592 million in income from operating activities.

EFOG (United Kingdom)

GDF SUEZ has an interest of 22.5% in EFOG.

The Group purchased gas for €225.7 million from EFOG in 2009 (€442.1 million in 2008).

The Group has also granted EFOG cash advances. The outstanding amount of these advances totaled €101.3 million at December 31, 2009 and €134.6 million at December 31, 2008.

Acea-Electrabel group (Italy)

Electrabel Italia is a wholly-owned subsidiary of Electrabel and has a 40.59% interest in Acea-Electrabel which itself owns several subsidiaries.

GDF SUEZ sold electricity and gas to the Acea-Electrabel group for an amount of €60.9 million in 2009, compared with €206.9 million in 2008.

GDF SUEZ has also granted loans to the Acea-Electrabel group, in respect of which €345.3 million remained outstanding at December 31, 2009 versus €389.4 million at end-2008.

25.3.2 Associates

Elia System Operator (ESO)/Elia

Elia is a listed company and is 24.36%-owned by Electrabel.

It was set up in 2001 as grid operator of the high-voltage electricity transmission network in Belgium. Transmission fees are subject to the approval of the Belgian Electricity and Gas Regulatory Commission (CREG).

Electrabel purchased electricity transmission services from ESO/Elia in an amount of €131.0 million in 2009 and €125.1 million in 2008.

The Group rendered services to ESO/Elia for a total amount of €111.5 million in 2009 and €80.0 million in 2008.

At December 31, 2009, outstanding loans granted to Elia totaled €453.4 million (€808.4 million at December 31, 2008). A total of €354.8 million of these loans was repaid in 2009. The remaining balance of €453.6 million falls due after 2011. The loan generated interest income of €23.2 million in 2009 versus €48.4 million in 2008.

Inter-municipal companies

The mixed inter-municipal companies with which Electrabel is associated manage the electricity and gas distribution network in Belgium.

Electrabel Customer Solutions (ECS) purchased gas and electricity network distribution rights from the inter-municipal companies in an amount of €1,985.3 million in 2009, compared with €1,777.5 million in 2008.

Until February 6, 2009, inter-municipal companies in the Walloon region did not have any employees. On that date, ORES, a company providing personnel to the Walloon inter-municipal companies, was sold to those companies. Amounts billed with respect to this arrangement in 2009 totaled €27.7 million, versus €402.5 million in 2008.

Receivables relating to gas and electricity supply stood at €27.5 million at December 31, 2009, versus €10.1 million at December 31, 2008.

The amounts due by Electrabel and Electrabel Customer Solutions to the inter-municipal companies at December 31, 2008 (€15.3 million) were repaid in 2009.

At December 31, 2009, Electrabel had granted cash advances to the inter-municipal companies totaling €135.3 million (€317.9 million at December 31, 2008). Amounts due to the inter-municipal companies by Electrabel at December 31, 2008 (€263.6 million) had been repaid in full at December 31, 2009.

In 2008, Electrabel held a reimbursement right in respect of the Walloon inter-municipal companies The amounts, which correspond to sums provisioned in Electrabel's accounts, totaled €296.5 million at December 31, 2008. The obligation relating to the reimbursement right was cancelled following the disposal of ORES.

Contassur

Contassur is 15%-owned by Electrabel.

Contassur is a captive insurance company accounted for under the equity method. The pension fund trusts for certain employees of the Group have entered into insurance contracts with Contassur.

These insurance contracts give rise to reimbursement rights, and are therefore recorded under "Other assets" in the statement of financial position for €143.1 million at December 31, 2009 and €147.2 million at December 31, 2008.

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NOTE 26 EXECUTIVE COMPENSATION

The Group's key management personnel comprise the members of the Executive Committee and Board of Directors. Their compensation breaks down as follows:

In milllions of euros	2009	2008
Short-term benefits	31.9	23.0
Post-employment benefits	3.8	4.0
Share-based payment	10.9	11.5
TOTAL	**46.6**	**38.5**

Amounts shown for 2008 correspond to compensation paid by the former SUEZ group up to the merger date, and compensation paid by GDF SUEZ after this date. Consequently, they do not include compensation paid to the members of the Executive Committee of Gaz de France up to the date of the merger.

NOTE 27 LEGAL AND ANTI-TRUST PROCEEDINGS

The legal and arbitration proceedings presented hereafter are recognized as liabilities or are presented for information purposes. The Group has not identified any material contingent liabilities other than the disputes discussed below that would be likely to result in an outflow of resources for the Group.

The Group is party to a number of legal and anti-trust proceedings with third parties or with the tax authorities of certain countries in the normal course of its business. Provisions are recorded for these proceedings when (i) a legal, contractual, or constructive obligation exists at the end of the reporting period with respect to a third party; (ii) it is probable that an outflow of resources embodying economic benefits will be required in order to settle the obligation with no consideration in return; and (iii) a reliable estimate can be made of this obligation. Provisions recorded in respect of these proceedings totaled €481 million at December 31, 2009 (€1,280.5 million at December 31, 2008).

27.1 Legal proceedings

27.1.1 Rue de la Martre

On December 26, 2004, a gas explosion at 12 rue de la Martre in Mulhouse, France resulted in 17 deaths and significant material damage. The judicial experts' report attributes the cause of the explosion to a "crack" in Gaz de France's distribution pipeline, discovered the day after the explosion and consequently, the company was placed under judicial investigation on March 21, 2006.

Following the investigation, GDF SUEZ (formerly Gaz de France), which contested neither its criminal liability, nor the cause of the explosion, was summoned before the Mulhouse Criminal Court by order dated November 7, 2008, on charges of involuntary manslaughter and injuries, as well as involuntary destruction of property by fire or explosion. The hearings took place between March 9 and March 19, 2009.

On June 8, 2009, GDF SUEZ was sentenced to a fine of €225,000 for involuntary manslaughter and of €7,500 for involuntary injuries and to publication obligation. GDF SUEZ did not appeal this sentence.

27.1.2 Ghislenghien

Following the leak in one of Fluxys' gas transit pipelines in Ghislenghien, Belgium, on July 30, 2004, which resulted in 24 deaths and over 130 injuries, Electrabel, a GDF SUEZ company, was one of 22 natural or legal persons indicted for involuntary manslaughter and injuries due to failure to take protective or precautionary measures.

The public prosecutor requested that Electrabel, GDF SUEZ Group and Fluxys be summoned before the criminal court for involuntary manslaughter and bodily injuries, as well as for contravening the Act of August 4, 1996 on the welfare of workers. The court dismissed the charges against Electrabel on January 16, 2009.

Fluxys (in which GDF SUEZ sold its controlling interest to Publigas in September 2008) was summoned before the criminal court for involuntary manslaughter and bodily injuries, as well as for contravening the Act of August 4, 1996 on the welfare of workers. In a decision handed down on February 22, 2010, the criminal court of Tournai acquitted Fluxys of all charges. The public prosecutor is planning to lodge and appeal.

27.1.3 Queen Mary

Following the collapse of a footbridge leading onto the Queen Mary II ocean liner in St Nazaire on November 15, 2003, as a result of which 16 people died and 30 or so people were injured, a third party claim was brought against Endel, a GDF SUEZ company, with respect to the assembly of the hired footbridges leading from the dock to the liner.

By decision of February 11, 2008, Endel was sentenced to a fine of €150,000 for involuntary manslaughter and 11 fines of €2,500 for involuntary injuries. The four employees of Endel charged with involuntary manslaughter and injuries were acquitted in the absence of established misconduct. Les Chantiers de l'Atlantique and Endel were ordered, jointly and severally, to indemnify the victims.

The public prosecutor of Saint Nazaire appealed against the decision and the hearings took place from March 23 to April 3, 2009. By a judgment handed down on July 2, 2009, the Rennes Court of Appeal confirmed the court's decision in that it ordered Endel to pay a fine, which it increased to €225,000, and, jointly and severally with Les Chantiers de l'Atlantique, to indemnify the victims. However, it reversed the criminal court's decision to acquit two of the employees involved. Endel and the two employees will not appeal the judgment before the *Cour de Cassation*.

27.1.4 Electrabel – Hungarian state/European Commission

Electrabel filed international arbitration proceedings against the Hungarian state before the International Centre for Settlement of Investment Disputes (ICSID), for breach of obligations under the Energy Charter Treaty. Initially, the dispute mainly concerned (i) electricity prices set in the context of a long-term power purchase agreement (PPA) entered into between the power plant operator Dunamenti (in which Electrabel owns a 74.82% interest) and MVM (a company controlled by the Hungarian state) on October 10, 1995, and (ii) allocations of CO_2 emission allowances in Hungary. Following (i) the decision by the European Commission of June 4, 2008, to classify the long-term PPAs in force at the time of Hungary's accession to the EU (including the agreement between Dunamenti and MVM) as illegal State aid incompatible with the EU Treaty, and (ii) Hungary's subsequent decision to terminate these agreements, Electrabel extended its request for the purpose of obtaining compensation for the harm suffered on the ground of such termination. The European Commission petitioned the arbitration tribunal for amicus curiae participation on August 13, 2008.

The arbitration tribunal has temporarily suspended its investigation into certain issues over which the Hungarian state claims it lacks jurisdiction, but has authorized Electrabel to file an additional claim for damages.

27.1.5 Slovak Gas Holding – Slovak Republic

Slovak Gas Holding ("SGH") is held with equal stakes by GDF SUEZ and E.ON Ruhrgas AG and holds a 49% interest in Slovenský plynárenský priemysel, a.s. ("SPP"), the remaining 51% being held by the Slovak Republic through the National Property Fund.

SGH has taken preliminary steps towards international arbitration proceedings against the Slovak state for breach of obligations under (i) the Bilateral Treaty entered into by the Slovak Republic with the Czech Republic on the one hand and the Netherlands on the other hand (the "Bilateral Treaty"), and (ii) the Energy Charter Treaty.

The dispute relates to the legal and regulatory framework, which the Slovak Republic has recently amended or redefined in view of controlling SPP's ability to request price increases to cover gas selling costs.

Discussions between the parties are still ongoing.

27.1.6 Argentina

SUEZ and certain other shareholders of water distribution and treatment concession operators in the greater Buenos Aires area (Aguas Argentinas in Buenos Aires, Aguas Provinciales de Santa Fe in Rosario and Aguas Cordobesas in Cordoba) launched arbitration proceedings against the Argentine state in 2003 before the International Centre for Settlement of Investment Disputes (ICSID) pursuant to the Franco-Argentine Bilateral Investment Protection Treaties. The aim of these proceedings is to obtain compensation for the loss of value of investments made since the start of the concession, due to measures taken by the Argentine state following the adoption of the Emergency Act in 2002, which froze tariffs under concession contracts.

The arbitration proceedings are still underway, except those relating to Aguas Cordobesas. SUEZ sold its controlling interest in Aguas Cordobesas to the private Argentine group Roggio in 2006 and its residual 5% interest to SUEZ Environnement upon the listing of the latter. The arbitral awards initially expected in 2009 should be made public soon.

Alongside the arbitration proceedings, the concession operators have instituted proceedings before the Argentine courts against the decisions by the authorities to terminate the concession contracts which led to the bankruptcy of Aguas Argentinas and the voluntary liquidation of Aguas Provincales de Santa Fe. These proceedings are still ongoing.

Banco de Galicia, a minority shareholder of Aguas Argentinas, which was excluded from the arbitration proceedings, has withdrawn the action it initiated for abuse of majority shareholder power following the buy-back by GDF SUEZ of its interests in Aguas Argentinas and Aguas Provinciales de Santa Fe. The claim filed by Aguas Lenders Recovery Group in order to obtain the payment by SUEZ, Agbar and AYSA of US$130 million owed by Aguas Argentinas to unsecured lenders, has also been withdrawn.

For the record, prior to the merger of SUEZ and Gaz de France and the stock market listing of SUEZ Environnement, SUEZ and SUEZ Environnement entered into an agreement providing for the economic transfer to SUEZ Environnement of the rights and obligations relating to the ownership interest held by SUEZ in Aguas Argentinas and Aguas Provinciales de Santa Fe.

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27.1.7 Togo Electricité

In February 2006, the Togolese state took possession of all of the assets of Togo Électricité, without indemnification. It instituted several proceedings, including proceedings instituted first against Togo Électricité, a GDF SUEZ (Energy Services) company, then subsequently against GDF SUEZ, seeking an order for payment by the two companies of compensation between FCFA 27 billion and FCFA 33 billion (between €41 million and €50 million) for breach of contract.

In March 2006, Togo Électricité instituted arbitration proceedings, which were joined by GDF SUEZ, before the International Centre for Settlement of Investment Disputes against the Togolese state, following the adoption of governmental decrees which terminated the concession contract held by Togo Électricité since December 2000 for the management of Togo's public power supply service.

The hearings of the arbitration Tribunal took place in July 2009 and an award could be rendered soon.

27.1.8 Fos Cavaou

By order dated December 15, 2003 in respect of facilities subject to environmental protection (ICPE) the Prefect of the Bouches du Rhône department authorized Gaz de France to operate an LNG terminal in Fos Cavaou. The permit to build the terminal was issued the same day by a second prefectural order. These two orders have been challenged in court.

Two actions for annulment of the building permit were filed with the Administrative Court of Marseille, one by the Fos-sur-Mer authorities and the other by the Syndicat d'agglomération nouvelle (SAN). These actions were dismissed by the Court on October 18, 2007. The Fos-sur-Mer municipality appealed this decision on December 20, 2007. It withdrew from the proceedings on January 11, 2010.

The order authorizing the operation of the terminal is subject to two actions for annulment before the Administrative Court of Marseille, one filed by the Association de Défense et de Protection du Littoral du Golfe de Fos-sur-Mer (ADPLGF) and the other by a private individual.

The Administrative Court of Marseille cancelled the prefectural order authorizing the operation of the Fos Cavaou terminal on June 29, 2009. Elengy, which represents the rights of GDF SUEZ in these proceedings, filed an appeal on July 9, 2009 and prepared a new application for authorization to operate the terminal. The appeal is pending.

A provisional operating permit was enacted on October 6, 2009, which allows for the building work to continue and for the terminal to be partially operated, subject to specific regulations.

27.1.9 United Water

A claim for compensatory damages of US$66 million and punitive damages of the same amount was filed by flood victims residing in the Lake DeForest area (State of New York, USA) against United Water, a GDF SUEZ company, for alleged negligence in the maintenance of the local dam and reservoir.

The claim was filed pursuant to torrential rain, which caused the rainwater drainage system operated by United Water to overflow. The claim for damages was dismissed on December 21, 2009 and the residents have appealed this decision.

27.1.10 Squeeze-out bid for Electrabel shares

On July 10, 2007, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal against SUEZ and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. By decision dated December 1, 2008, the Court of Appeal ruled that the claim was unfounded.

Deminor and others appealed the decision before the Court of Cassation on May 22, 2009. These appeal proceedings are still ongoing.

MM. Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application was invalid. A new application was filed, without Electrabel and the Belgian Banking, Financial and Insurance Commission being joined as parties to the proceedings. The case was heard on October 21, 2008 and judgment was reserved. A new hearing was scheduled for September 22, 2009. By decision handed down on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

27.1.11 Claims by the Belgian tax authorities

The Special Inspection department of the Belgian tax authorities is claiming €188 million from SUEZ-Tractebel SA, a GDF SUEZ company, concerning past investments in Kazakhstan. SUEZ-Tractebel has filed an appeal against this claim. As the Belgian tax authorities had still not taken a decision ten years after the claim, an appeal was lodged with the Court of First Instance of the European Communities in December 2009.

The Special Inspection Department taxed financial income generated in Luxembourg by the Luxembourg-based cash management branches of Electrabel and SUEZ-Tractebel. This financial income, which was already taxed in Luxembourg, is exempt in Belgium in accordance with the Belgium-Luxembourg convention for the prevention of double taxation. The Special Inspection Department refuses this exemption. The tax assessed in Belgium amounts to €177 million for the period 2003 to 2006. The Group has challenged the Special Inspection Department's decision before the Court of First Instance of the European Communities.

27.1.12 Objection to a provision of Belgian tax law

On March 23, 2009, Electrabel filed an appeal with Belgium's constitutional court against the €250 million tax on nuclear power generators imposed by the December 22, 2008 act (*Loi-programme*). The December 23, 2009 act has imposed the same tax in respect of 2009.

27.1.13 Claim by the French tax authorities

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the sale by SUEZ of a tax receivable in 2005 for an amount of €995 million. On July 7, 2009, they informed GDF SUEZ that they confirmed their position. GDF SUEZ is waiting to receive the tax assessment notice.

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27.1.14 Claim by the US tax authorities (IRS)

GDF SUEZ Energy North America, a GDF SUEZ company, was subject to a tax audit by the IRS, who rejected the deduction of interest on loans taken out with Group subsidiaries and banks. An adjustment of US$260 million was notified in respect of 2004 and 2005.

In May 2009, a revised adjustment of US$93 million was notified in respect of the same years excluding *a* US$40 million fine. Meanwhile, a second tax deficiency notice has been issued in which the additional amount of tax claimed has been reduced to US$49 million and the amount of the fine to US$7 million. An appeal has been filed with the IRS Appeal Division.

27.1.15 Cartagena

GDF SUEZ is party to arbitration proceedings lodged by AES Energia Cartagena before the ICC International Court of Arbitration in September 2009 in connection with the Energy Agreement dated April 5, 2002. The agreement provides for the conversion by AES Energia Cartagena of gas supplied by GDF SUEZ into electricity at the combined cycle power plant located in Cartagena, Spain.

The proceedings relate to the question as to which of the parties should assume past and future costs and expenditures arising in connection with the power plant and in particular those relating to CO_2 emissions permits, property taxes and social subsidies.

The arbitration tribunal has been constituted, the parties are exchanging their pleadings and the hearings will take place in London during the week of May 31 to June 4, 2010. The award should be rendered by the end of the year.

27.2 Competition and concentration

27.2.1 "*Accès France*" proceeding

On May 22, 2008, the European Commission announced its decision to initiate formal proceedings against Gaz de France for a suspected breach of EU rules on abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term transport capacity reservation and a network of import agreements, as well as potential underinvestment in transport and import infrastructure capacity. On June 22, 2009, the Commission sent GDF SUEZ, GRTgaz and Elengy a preliminary assessment in which it stated that GDF SUEZ might have abused its dominant position in the gas sector by foreclosing access to gas import capacity in France. On June 24, 2009, GDF SUEZ, GRTgaz and Elengy offered certain commitments in response to the preliminary assessment, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed GDF SUEZ, GRTgaz and Elengy of how third parties had responded. On October 21, 2009, GDF SUEZ, GRTgaz and Elengy filed amended commitments aimed at facilitating access to and competition on the French natural gas market. The Commission adopted on December 3, 2009 a decision that renders legally binding these commitments. This decision marks the end of the proceedings initiated in May 2008.

27.2.2 Megal

On June 11, 2008, Gaz de France received a statement of objections from the European Commission in which it voices its suspicions of concerted practice with E.ON resulting in the restriction of competition on their respective markets regarding, in particular, natural gas supplies transported via the Megal pipeline. GDF SUEZ filed observations in reply on September 8, 2008 and a hearing took place on October 14, 2008. On July 8, 2009, the Commission fined GDF SUEZ and E.ON €553 million each for agreeing not to compete against each other in their respective gas markets. GDF SUEZ has paid the fine. The Commission considered that these restrictive business practices, which ended in 2005, had begun in 1975 when the agreements relating to the Megal pipeline were signed and GDF SUEZ and E.ON had agreed not to supply gas transported via the Megal pipeline to customers in their respective markets.

GDF SUEZ brought an action for annulment before the General Court of the European Union on September 18, 2009.

27.2.3 Compagnie Nationale du Rhône

On June 10, 2009, the European Commission decided to impose a fine of €20 million on Electrabel, a GDF SUEZ company, for having acquired control of Compagnie Nationale du Rhône (CNR) at the end of 2003, without its prior approval. The decision was handed down further to a statement of objections sent by the Commission on December 17, 2008, to which Electrabel responded in its observations in reply filed on February 16, 2009. On August 20, 2009 Electrabel brought an action for annulment of the Commission's decision. The Commission's decision and Electrabel's application will not affect Electrabel's acquisition and control of Compagnie Nationale du Rhône, which was approved by the European Commission on April 29, 2009.

27.2.4 Long-term Power Purchase Agreements in Hungary

The European Commission handed down a decision on June 4, 2008, according to which the long-term Power Purchase Agreements entered into between power generators and the Hungarian state, which were in force at the time of Hungary's accession to the European Union, constituted illegal State aids, incompatible with the EU Treaty. It asked the Hungarian state to review these contracts, recover the related State aids from the power generators and, where necessary, to indemnify the parties to the agreements. The Group is directly concerned as it is party to a long-term Power Purchase Agreement through the intermediary of its subsidiary Dunamenti. The Agreement was entered into with MVM, Hungary's state-owned power company, on October 10, 1995. Further to the Commission's decision, the Hungarian government passed a law providing for the termination of the Power Purchase Agreements with effect from December 31, 2008 and the recovery of the related State aid. Discussions are ongoing between the Hungarian state and the European Commission regarding the amount of State aids to be recovered, which must be approved by the Commission. Dunamenti has brought an action with the European Court on April 28, 2009 for annulment of the Commission's decision.

27.2.5 Investigation on the term of electricity supply contracts in Belgium

In July 2007, the European Commission started an investigation into electricity supply contracts entered into by the Group with industrial customers in Belgium. The investigation is ongoing and Electrabel, a GDF SUEZ subsidiary, is cooperating fully with the Directorate-General for Competition on this matter.

27.2.6 Unwinding of cross-shareholdings between Compagnie Générale des Eaux and Lyonnaise des Eaux France

In its decision of July 11, 2002, the French Antitrust Council ruled that the existence of equal stakes in water distribution companies held by Compagnie Générale des Eaux (a subsidiary of Veolia Environment) and Lyonnaise des Eaux France (a subsidiary of SUEZ Environnement) created a collective dominant position between the two groups. Although the French Antitrust Council did not impose sanctions against the two companies, it requested the French Minister of the Economy to order the two companies to modify or terminate the agreements under which their resources are combined within joint subsidiaries in order to lift the barrier to competition. As part of the Minister of the Economy's investigation, the two companies were asked to unwind their cross-holdings in these joint subsidiaries. Lyonnaise des Eaux France and Veolia Eau-Compagnie Générale des Eaux complied with the request and entered into an agreement in principle to this effect on December 19, 2008. On July 30, 2009, the Commission authorized the purchase by Veolia Eau of Lyonnaise des Eaux's stake in three of the joint subsidiaries. The Commission authorized the purchase by Lyonnaise des Eaux of the six other joint subsidiaries on August 5, 2009. An amendment to the December 2008 agreement was signed on February 3, 2010, providing for the purchase by Lyonnaise des Eaux of Veolia Eau's stake in two of the three joint subsidiaries that were initially going to be bought out by Veolia Eau.

A further request for authorization, reflecting the terms and conditions of this amendment, was submitted to the European Commission.

The process should be completed during the first half of 2010.

27.2.7 Inquiry into the Belgian electricity wholesale market

In September 2009, the Belgian competition authority (*Autorité Belge de la Concurrence*) organized raids on several companies active in Belgium's electricity wholesale market, including Electrabel, a GDF SUEZ subsidiary.

NOTE 28 SUBSEQUENT EVENTS

28.1 Takeover of Agbar

On October 22 2009, SUEZ Environnement announced its intention to take control of Agbar.

The transaction includes:

- a delisting tender offer in cash launched by Agbar on its own shares, at a price of €20 per share for a total maximum consideration of €299 million. The shares acquired will subsequently be cancelled;
- the acquisition by SUEZ Environnement of Agbar shares held by Criteria, at €20 per share, representing a total consideration of €647 million. This will raise SUEZ Environnement's interest in Agbar to 75%;
- the simultaneous sale by Agbar of its 54.8% stake in Adeslas to Criteria for a consideration of €687 million.

In parallel, Criteria will acquire full control of Adeslas through the acquisition of the 45% stake held by Malakoff Médéric.

On January 12, 2010, Agbar's general meeting resolved by a majority to approve the delisting tender offer and the sale of its stake in Adeslas to Criteria.

These transactions represent the first phase of an agreement between SUEZ Environnement and Criteria.

SUEZ Environnement and Criteria expect the delisting to take place during the first quarter of 2010, and to complete the transaction by the end of that period, subject to the approval of the competent stock market and competition authorities.

NOTE 29 LIST OF THE MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2009

The table below is provided for indicative purposes only and only includes the main fully and proportionately consolidated companies in GDF SUEZ scope.

The following abbreviations are used to indicate the consolidation method applied in each case:

- FC: Full consolidation (subsidiaries);
- PC: Proportionate consolidation (joint venture);
- EM: Equity method (associates);
- NC: Not consolidated.

Entities marked with an asterisk (*) form part of the legal entity GDF SUEZ SA.

		% interest		% control		Consolidation method	
Company name	**Corporate headquarters**	**Dec. 2009**	**Dec. 2008**	**Dec. 2009**	**Dec. 2008**	**Dec. 2009**	**Dec. 2008**
Energy France (BEF)							
COMPAGNIE NATIONALE DU RHONE (CNR)	2, rue André Bonin 69004 Lyon – France	49.9	49.9	49.9	49.9	FC	FC
GDF SUEZ SA - ELECTRICITY DIVISION*	22, rue du Docteur Lancereaux 75008 Paris – France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ SA - SALES DIVISION*	22, rue du Docteur Lancereaux 75008 Paris – France	100.0	100.0	100.0	100.0	FC	FC
SAVELYS	5, rue François 1er 75418 Paris – France	100.0	100.0	100.0	100.0	FC	FC

		% interest		% control		Consolidation method	
Company name	**Corporate headquarters**	**Dec. 2009**	**Dec. 2008**	**Dec. 2009**	**Dec. 2008**	**Dec. 2009**	**Dec. 2008**
Energy Benelux & Germany (BEEI)							
ELECTRABEL NEDERLAND NV	Dr. Stolteweg 92, 8025 AZ Zwolle – Netherlands	100.0	100.0	100.0	100.0	FC	FC
ELECTRABEL NEDERLAND SALES BV	Dr. Stolteweg 92, 8025 AZ Zwolle – Netherlands	100.0	100.0	100.0	100.0	FC	FC
ENERGIE SAARLORLUX GmbH	Richard Wagner Strasse 14-16, 66111 Saarbruck – Germany	51.0	51.0	51.0	51.0	FC	FC
ELECTRABEL	Boulevard du Regent, 8 – 1000 Brussels – Belgium	100.0	100.0	100.0	100.0	FC	FC
ELECTRABEL CUSTOMER SOLUTIONS	Boulevard du Regent, 8 – 1000 Brussels – Belgium	95.8	95.8	95.8	95.8	FC	FC
SYNATOM	Avenue Ariane 7 – 1200 Brussels – Belgium	100.0	100.0	100.0	100.0	FC	FC

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Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
Energy Europe (BEEI)							
DUNAMENTI	Erömü ut 2, 2442 Szazhalombatta – Hungary	74.8	74.8	74.8	74.8	FC	FC
GDF SUEZ ENERGIA POLSKA SA	Zawada 26, 28-230 Polaniec – Poland	100.0	100.0	100.0	100.0	FC	FC
ROSIGNANO ENERGIA SPA	Via Piave no. 6 Rosignano Maritimo – Italy	99.5	99.5	99.5	99.5	FC	FC
ACEA Electrabel group[(a)]	Piazzale Ostiense, 2, 00100 Rome – Italy	40.6	40.6	40.6	40.6	PC	PC
TIRRENO POWER SPA	47, Via Barberini, 00187 Rome – Italy	35.0	35.0	35.0	35.0	PC	PC
SC GDF SUEZ Energy România SA	Bld Marasesti, 4-6, sector 4 – Bucharest – Romania	40.8	40.8	40.8	40.8	FC	FC
EGAZ DEGAZ Zrt	Pulcz u. 44 – H 6724 – Szeged – Hungary	99.7	99.7	99.7	99.7	FC	FC
SLOVENSKY PLYNARENSKY PRIEMYSEL (SPP)	Mlynské Nivy 44/a – 825 11 – Bratislava – Slovakia	24.5	24.5	24.5	24.5	PC	PC
AES ENERGIA CARTAGENA S.R.L.	Ctra Nacional 343, P.K. 10 – El Fangal, Valle de Escombreras – 30350 Cartagena – Spain	26.0	26.0	26.0	26.0	FC	FC
GDF SUEZ ENERGY UK LTD	1 City Walk – LS11 9DX – Leeds – United Kingdom	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGIA ITALIA SPA	Via Orazio, 31l – 00193 Rome – Italy	100.0	100.0	100.0	100.0	FC	FC
VENDITE - ITALCOGIM ENERGIE SPA	Via Spadolini, 7 – 20141 Milan – Italy	100.0	60.0	100.0	60.0	FC	FC

(a) Ownership interest in the ACEA/Electrabel holding company.

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
Energy North America (BEEI)							
GDF SUEZ ENERGY GENERATION NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 – United States	100.0	100.0	100.0	100.0	FC	FC
SUEZ LNG NORTH AMERICA	One Liberty Square, Boston, MA 02109 – United States	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGY MARKETING NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 – United States	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGY RESOURCES NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 – United States	100.0	100.0	100.0	100.0	FC	FC
FIRSTLIGHT POWER ENTERPRISES	20 Church Street – 16th Floor Hartford, CT 06103 – United States	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
Energy Latin America (BEEI)							
The GDF SUEZ Group holds 50.1% of the voting rights of Energia Sustentavel Do Brasil (EBSR), a company created to develop the Jirau project. Considering the contractual arrangements in place, a large number of strategic management decisions are subject to a 75% majority vote, and EBSR qualifies as being a jointly controlled entity. Accordingly, and even though it holds more than 50% of the voting rights, Energia Sustentavel do Brasil has been proportionately consolidated by the Group.							
TRACTEBEL ENERGIA (formerly GERASUL)	Rua Antônio Dib Mussi, 366 Centro, 88015-110 Florianopolis, Santa Catarina – Brazil	68.7	68.7	68.7	68.7	FC	FC
ENERSUR	Av. República de Panamá 3490, San Isidro, Lima 27 – Peru	61.7	61.7	61.7	61.7	FC	FC
ENERGIA SUSTENTAVEL DO BRASIL SA	Avenida Almirante Barroso, n° 52, sala 2802, CEP 20031-000 Rio de Janeiro – Brazil	50.1	50.1	50.1	50.1	PC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
Energy Middle East, Asia & Africa (BEEI)							
GLOW ENERGY PUBLIC CO. LTD.	195 Empire Tower, 38th Floor – Park Wing, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 – Thailand	69.1	69.1	69.1	69.1	FC	FC
BAYMINA ENERJI AS	Ankara – Dogal Gaz Santrali, Ankara Eskisehir Yolu 40.Km, Maliöy Mevkii, 06900 Polatki/ Ankara – Turkey	95.0	95.0	95.0	95.0	FC	FC
SENOKO POWER LIMITED	111 Somerset Road – #05-06, Tripleone Somerset Building – 238164 Singapore	30.0	30.0	30.0	30.0	PC	PC

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Company name	Corporate headquarters	% interest Dec. 2009	% interest Dec. 2008	% control Dec. 2009	% control Dec. 2008	Consolidation method Dec. 2009	Consolidation method Dec. 2008
Global Gas & LNG (B3G)							
E.F. OIL AND GAS LIMITED	33 Cavendish Square – W1G OPW – London – United Kingdom	22.5	22.5	22.5	22.5	PC	PC
GDF SUEZ E&P UK LTD (GDF BRITAIN)	60, Gray Inn Road – WC1X 8LU – London – United Kingdom	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ E&P NORGE AS	Forusbeen 78 – Postboks 242 – 4066 Stavanger – Norway	100.0	100.0	100.0	100.0	FC	FC
GDF PRODUCTION NEDERLAND BV	Eleanor Rooseveltlaan 3 – 2719 AB Zoetermeer – Netherlands	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ E&P DEUTSCHLAND GBMH	Waldstrasse 39 – 49808 Linden – Germany	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ SA - 3G (formerly NEGOCE)*	22, rue du Docteur Lancereaux – 75008 Paris – France	100.0	100.0	100.0	100.0	FC	FC
GDF INTERNATIONAL TRADING	2, rue Curnonsky – 75015 Paris – France	100.0	100.0	100.0	100.0	FC	FC
GAZ DE FRANCE ENERGY DEUTSCHLAND GmbH	Friedrichstrasse 60 – 10117 Berlin – Germany	100.0	100.0	100.0	100.0	FC	FC
GDF SUPPLY TRADING MARKETING NL BV	Eleanor Rooseveltlaan 3 – 2719 AB Zoetermeer – Netherlands	100.0	100.0	100.0	100.0	FC	FC
GASELYS	2, rue Curnonsky – 75015 Paris – France	51.0	51.0	51.0	51.0	FC	PC

Company name	Corporate headquarters	% interest Dec. 2009	% interest Dec. 2008	% control Dec. 2009	% control Dec. 2008	Consolidation method Dec. 2009	Consolidation method Dec. 2008
Infrastructures							
FLUXYS GROUP	Avenue des Arts, 31 – 1040 Brussels – Belgium	38.5	44.8	38.5	44.8	EM	EM
STORENGY	23 rue Philibert Delorme – 75017 Paris – France	100.0	100.0	100.0	100.0	FC	FC
ELENGY	23 rue Philibert Delorme – 75017 Paris – France	100.0	100.0	100.0	100.0	FC	FC
GRDF	6, rue Condorcet – 75009 Paris – France	100.0	100.0	100.0	100.0	FC	FC
GRTGAZ	2, rue Curnonsky – 75017 Paris – France	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
Energy Services (BES)							
COFELY	1, place des Degrés – 92059 Paris – La Défense Cedex – France	100.0	100.0	100.0	100.0	FC	FC
AXIMA FRANCE	46, Boulevard de la Prairie du Duc – 44000 Nantes – France	100.0	100.0	100.0	100.0	FC	FC
COFELY AG	Thurgauerstrasse 56 – Postfach – 8050 Zurich – Switzerland	100.0	100.0	100.0	100.0	FC	FC
CPCU	185, Rue de Bercy – 75012 Paris – France	64.4	64.4	64.4	64.4	FC	FC
FABRICOM SA	254, Rue de Gatti de Gamond – 1180 Brussels – Belgium	100.0	100.0	100.0	100.0	FC	FC
ENDEL	1, place des Degrés 92059 – Paris La Défense Cedex – France	100.0	100.0	100.0	100.0	FC	FC
COFELY NEDERLAND NV	Kosterijland 50 – 3981 AJ Bunnik – Netherlands	100.0	100.0	100.0	100.0	FC	FC
INEO	1, place des Degrés 92059 – Paris La Défense Cedex – France	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
SUEZ Environnement							
GDF SUEZ holds 35.4% of SUEZ Environnement Company and exercises exclusive control through a shareholders' agreement representing 47% of its share capital. Accordingly, SUEZ Environnement Company is fully consolidated.							
SUEZ ENVIRONNEMENT	1, rue d'Astorg – 75008 Paris – France	35.4	35.5	100.0	100.0	FC	FC
LYONNAISE DES EAUX FRANCE	11, place Edouard VII – 75009 Paris – France	35.4	35.5	100.0	100.0	FC	FC
DEGREMONT	183, avenue du 18 Juin 1940 – 92500 Rueil Malmaison – France	35.4	35.5	100.0	100.0	FC	FC
HISUSA	Torre Agbar, Avenida Diagonal 211, 08018 Barcelona – Spain	18.1	18.1	51.0	51.0	PC	PC
AGBAR	Torre Agbar, Avenida Diagonal 211, 08018 Barcelona – Spain	16.3	16.3	51.0	51.0	PC	PC
SITA HOLDINGS UK LTD	Grenfell Road, Maidenhead, Berkshire SL6 1ES – United Kingdom	35.4	35.5	100.0	100.0	FC	FC
SITA DEUTSCHLAND GmbH	Industriestrasse 161 D-50999, Cologne – Germany	35.4	35.5	100.0	100.0	FC	FC
SITA NEDERLAND BV	M. E.N. van Kleffensstraat 6, Postbis 7009, NL – 6801 HA Amhem – Netherlands	35.4	35.5	100.0	100.0	FC	FC
SITA FRANCE	Tour CB21 – 16 place de l'Iris – 92040 Paris La Défense Cedex – France	35.4	35.5	100.0	100.0	FC	FC
LYDEC	20, boulevard Rachidi, Casablanca – Morocco	18.1	18.1	51.0	51.0	FC	FC
UNITED WATER	200 Old Hook Road, Harrington Park New Jersey – United States	35.4	35.5	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
Other							
GDF SUEZ SA	22, rue du Docteur Lancereaux – 75008 Paris – France	100.0	100.0	100.0	100.0	FC	FC
SUEZ-TRACTEBEL	Place du Trône, 1 – 1000 – Brussels – Belgium	100.0	100.0	100.0	100.0	FC	FC
GIE - GDF SUEZ ALLIANCE	16, rue de la Ville l'Evêque – 75383 Paris Cedex 08 – France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ FINANCE SA	16, rue de la Ville l'Evêque – 75383 Paris Cedex 08 – France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ CC	Place du Trône, 1 – 1000 – Brussels – Belgium	100.0	100.0	100.0	100.0	FC	FC
GENFINA	Place du Trône, 1 – 1000 – Brussels – Belgium	100.0	100.0	100.0	100.0	FC	FC

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NOTE 30 FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

The GDF SUEZ Group's Statutory Auditors are Deloitte, Ernst & Young, and Mazars. In accordance with French decree no. 2008-1487, fees paid to the Statutory Auditors' and the members of their networks by the Group are disclosed in the table below.

30.1 Fees paid by the Group to statutory auditors and members of their networks in 2009

	Ernst & Young		Deloitte		Mazars	
In millions of euros	Amount	%	Amount	%	Amount	%
Audit						
Statutory audit, attest engagements and review of consolidated and parent company financial statements						
• GDF SUEZ SA	2.3	12.3%	1.6	8.8%	1.8	24.5%
• Fully and proportionately consolidated subsidiaries	13.8	74.4%	13.7	75.0%	4.9	68.1%
Other audit-related procedures and services						
• GDF SUEZ SA	0.4	2.0%	0.5	2.8%	0.1	1.4%
• Fully and proportionately consolidated subsidiaries	1.2	6.6%	2.0	10.8%	0.3	4.4%
SUB-TOTAL	**17.7**	**95.3%**	**17.8**	**97.4%**	**7.0**	**98.3%**
Other services						
Tax	0.8	4.2%	0.4	2.4%	0.1	1.1%
Other services	0.1	0.5%	0.0	0.2%	0.0	0.6%
SUB-TOTAL	**0.9**	**4.7%**	**0.5**	**2.6%**	**0.1**	**1.7%**
TOTAL[1]	18.6	100%	18.2	100%	7.2	100%

(1) Amounts relating to proportionately consolidated entities, which essentially concern statutory audit engagements, were €1.7 million for Deloitte, €0.6 million for Ernst & Young and €0.2 million for Mazars.

Audit fees paid to firms other than the Group's statutory audit firms amounted to €3.7 million.

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30.2 Fees paid by the Group to statutory auditors and to members of their networks in 2008

	Ernst & Young		Deloitte		Mazars	
In millions of euros	Amount	%	Amount	%	Amount	%
Audit						
Statutory audit, attest engagements and review of consolidated and parent company financial statements[1]						
• GDF SUEZ SA	6.0	27.9%	3.2	15.9%	3.3	38.4%
• Fully and proportionately consolidated subsidiaries	13.1	61.2%	12.5	62.5%	5.0	58.0%
Other audit-related procedures and services						
• GDF SUEZ SA	0.5	2.5%	1.7	8.4%	0.1	1.5%
• Fully and proportionately consolidated subsidiaries	1.4	6.6%	2.4	12.1%	0.1	0.8%
SUB-TOTAL	**21.1**	**98.3%**	**19.8**	**98.9%**	**8.4**	**98.6%**
Other services						
Tax	0.4	1.6%	0.2	0.8%	0.0	0.6%
Other services	0.0	0.1%	0.1	0.3%	0.1	0.8%
SUB-TOTAL	**0.4**	**1.7%**	**0.2**	**1.1%**	**0.1**	**1.4%**
TOTAL[2]	21.4	100%	20.0	100%	8.6	100%

(1) Amounts relating to the merger and the stock market listing of SUEZ Environnement Company were €0.5 million for Deloitte, €3.6 million for Ernst & Young and €1.3 million for Mazars.

(2) Amounts relating to proportionately consolidated entities, which essentially concern statutory audit engagements, were €1.1 million for Deloitte, €0.4 million for Ernst & Young and €0.2 million for Mazars.

Audit fees paid to firms other than the Group's statutory audit firms amounted to €3.1 million.

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11.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of GDF SUEZ;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made, and evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2009 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1.1.1 to the consolidated financial statements which describes the changes in accounting methods resulting from the application of new standards and interpretations as from January 1, 2009.

II. JUSTIFICATION OF ASSESSMENTS

The accounting estimates were made against a backdrop of high market volatility and an uncertain economic outlook, which makes it difficult to evaluate economic future. This context, which was already prevalent for the year ended 31 December 2008, is described in Note 1.3 to the consolidated financial statements. It is in this context and in accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, that we bring to your attention the following matters:

Accounting estimates

As disclosed in Note 1.3 to the consolidated financial statements, the GDF SUEZ Group is required to make estimates and assumptions in order to prepare its consolidated financial statements. These significant accounting estimates relate to the measurement of the fair value of assets and liabilities of Gaz de France in connection with the business combination, and the measurement of goodwill, property, plant and equipment and intangible assets, provisions, financial derivative instruments, un-metered revenues (as in "gas in the meter") and the assessment of the tax loss carry-forwards recognized as deferred tax asset. Note 1.3 to the consolidated financial statements also specifies that the future results of the transactions in questions may differ from these estimates depending on assumptions used or different situations.

- As indicated in Note 2.2.1 to the consolidated financial statements, GDF SUEZ finalized the allocation of the purchase price to the assets and liabilities of Gaz de France in 2009. Our procedures consisted in assessing the reasonableness and appropriateness of the methodologies and assumptions used to measure the allocated amounts and to verify that Note 2 to the consolidated financial statements provides appropriate disclosure.

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- Regarding goodwill as well as property, plant and equipment and intangible assets, we have examined the methods used to perform impairment tests, the data and assumptions used as well as the procedure for approving these estimates by management. We have reviewed the calculations made by the Group and verified that Notes 5 and 9 to the consolidated financial statements provide appropriate disclosure.
- Regarding provisions, in particular, provisions for nuclear fuel reprocessing and storage, decommissioning of nuclear power plants and gas infrastructures, litigation, and retirement and other employee benefits, we have assessed the bases on which these provisions have been recorded and verified that Notes 17, 18 and 27 to the consolidated financial statements provide appropriate disclosure.
- Regarding the valuation of financial derivative instruments that are not listed on financial markets, the Group uses internal computer models representative of market practices. Our work consisted in examining the system for monitoring these models and assessing the data and assumptions used, including those applied to assess, in the context of the financial crisis, the counterparty risk taken into account to value financial derivative instruments. We have also verified that Notes 14 and 15 to the consolidated financial statements provide appropriate disclosure.
- Delivered unbilled natural gas ("gas in the meter") and electricity are calculated using a method factoring in average energy sale prices and historical consumption data. Our work consisted in assessing the methods and assumptions used to calculate these estimates and verifying that Note 1.3 to the consolidated financial statements provides appropriate disclosure.
- Concerning the tax loss carry-forwards recognized as deferred tax assets, our work consisted in verifying that the recognition criteria were satisfied and assessing the assumptions underlying the forecasts of taxable profits and the relating consumptions of tax loss carry-forwards. We have also verified that Note 7 to the consolidated financial statements provides appropriate disclosure.

Accounting policies and methods

We have examined the accounting treatments adopted by the GDF SUEZ Group, in particular, in respect of:

- the recognition of the acquisition of minority interests, and the practical applications of the provisions of IAS 39 relating to the type of contracts considered to be part of "normal activity", areas that are not the subject of specific provisions under IFRS, as adopted in the European Union,
- the accounting treatment applied to the concession contracts.

We ensured ourselves that Note 1 to the consolidated financial statements provides appropriate disclosure in this respect.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris - La Défense, March 22, 2010

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

11.4 PARENT COMPANY FINANCIAL STATEMENTS

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NB. Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause slight discrepancies in the rows and columns showing totals and changes.

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11.4.1 FINANCIAL STATEMENTS

Balance sheet assets

In millions of euros	Note	Dec. 31, 2009			Dec. 31, 2008
		Gross	Depreciation, amortization and impairment	Net	Net
NON-CURRENT ASSETS					
Intangible assets	C 1-2-8	1,107	193	914	868
Property, plant and equipment	C 1-2-8	985	494	491	357
Financial fixed assets	C 4				
Equity investments		59,493	3,182	56,311	55,748
Other financial fixed assets		9,762	284	9,478	9,720
	I	**71,347**	**4,153**	**67,194**	**66,693**
CURRENT ASSETS					
Inventories	C 5-8				
Gas reserves		1,776		1,776	2,111
Other		8		8	1
Advances and downpayments received on orders		27		27	7
Operating receivables	C 6-8				
Trade and other receivables		5,185	250	4,935	6,416
Other operating receivables		625		625	688
Miscellaneous receivables					
Current accounts with subsidiaries		6,983		6,983	6,150
Other miscellaneous receivables		743	23	720	2,192
Marketable securities		403		403	595
Cash and cash equivalents		148		148	46
	II	**15,898**	**273**	**15,625**	**18,206**
ACCRUALS	**III C 7**	**91**		**91**	**150**
UNREALIZED FOREIGN EXCHANGE LOSSES	**IV**	**226**		**226**	**297**
TOTAL ASSETS	(I TO IV)	87,562	4,426	83,136	85,346

Balance sheet equity and liabilities

In millions of euros		Note	Dec. 31, 2009	Dec. 31, 2008
EQUITY				
Shareholders' equity		C 9		
Share capital			2,261	2,194
Additional paid-in capital			30,589	29,258
Revaluation adjustments			43	43
Legal reserve			226	219
Other reserves			99	33
Retained earnings			16,711	18,740
Net income			2,261	2,767
Interim dividend			(1,772)	(1,724)
Tax-driven provisions and investment subsidies		C 11	600	513
	I		51,018	52,043
OTHER EQUITY	II	C 10	450	497
	I + II		51,468	52,540
PROVISIONS FOR CONTINGENCIES AND LOSSES	III	C 11	3,378	4,591
LIABILITIES		C 12-13-14		
Borrowings and debt				
Borrowings			16,375	12,444
Current accounts and loans with subsidiaries			4,302	7,499
Other borrowings and debt			1,067	418
			21,744	20,361
Advances and downpayments received on orders			1	10
Trade and other payables			4,054	5,252
Tax and employee-related liabilities			1,165	1,405
Other liabilities			1,036	619
	IV		28,000	27,647
ACCRUALS	V		137	220
UNREALIZED FOREIGN EXCHANGE GAINS	VI		153	348
TOTAL EQUITY AND LIABILITIES	(I TO VI)		83,136	85,346

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Income statement

In millions of euros	Note	2009	2008
Energy sales		23,245	23,523
Other production sold		1,649	1,686
REVENUES	**C 15**	**24,894**	**25,209**
Production taken to inventory			
Production for own use		47	63
TOTAL PRODUCTION		**24,941**	**25,272**
Energy purchases and change in gas reserves		(16,867)	(17,369)
Other purchases		(35)	(66)
Other external charges		(6,771)	(6,599)
VALUE ADDED		**1,268**	**1,238**
Taxes and duties net of subsidies received		(81)	(91)
Personnel costs		(807)	(820)
GROSS OPERATING INCOME		**380**	**327**
Net additions to depreciation, amortization and impairment	C 16	(126)	(130)
Net additions to provisions	C 16	99	29
Other operating income and expenses		(30)	90
NET OPERATING INCOME		**323**	**316**
NET FINANCIAL INCOME	**C 17**	**1,554**	**1,939**
NET RECURRING INCOME		**1,877**	**2,255**
NON-RECURRING ITEMS	**C 18**	**184**	**(105)**
INCOME TAX	**C 19**	**200**	**617**
NET INCOME		2,261	2,767

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Cash flow statement

In millions of euros	Note	2009	2008
1. Cash flow from operations	1	**1,326**	**2,635**
Change in inventories	2a	(327)	758
Change in trade receivables (net of trade receivables with a credit balance)	2b	(1,482)	1,529
Change in trade payables	2c	1,196	(1,596)
Change in other items	2d	(1,980)	3,627
2. Change in working capital requirements (2a + 2b + 2c + 2d)	2	**(2,593)**	**4,318**
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**(1 - 2) I**	**3,919**	**(1,683)**
II - Investing activities			
1. Cash flow used in investing activities			
Property, plant and equipment and intangible assets		277	434
Financial fixed assets		2,409	9,344
Change in amounts payable on investments		-	(900)
	1	**2,686**	**8,878**
2. Cash flow from investing activities			
Net proceeds from asset disposals		124	1,175
Decrease in financial fixed assets		1,938	868
	2	**2,062**	**2,043**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(1 - 2) II**	**624**	**6,835**
III – CASH FLOW AFTER OPERATING AND INVESTING ACTIVITIES	**(I - II) III**	**3,295**	**(8,518)**
IV - Financing activities			
1. Capital increase - employee share subscriptions	1	**28**	**35**
2. Dividends and interim dividends paid to shareholders(1)(2)	2	**(3,400)**	**(2,938)**
3. Financing raised on capital markets			
Bonds		6,664	3,266
Short- and medium-term credit facilities		26,387	14,561
	3	**33,051**	**17,827**
4. Repayments			
Short- and medium-term credit facilities		29,267	7,464
	4	**29,267**	**7,464**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**(1 + 2 + 3 – 4) IV**	**412**	**7,460**
V - CHANGE IN CASH AND CASH EQUIVALENTS	**C 21 (III + IV) V**	**3,707**	**(1,058)**
Impact of cash transferred to new subsidiaries Elengy and Storengy in 2008			1
Impact of cash contributed by SUEZ SA as part of the merger			178
CHANGE IN CASH AND CASH EQUIVALENTS (IN 2008 EXCLUDING THE IMPACT OF THE MERGER AND OF NEWLY CREATED SUBSIDIARIES)		3,707	(879)

(1) The €1,728 million dividend paid by SUEZ SA during the interim period in 2008 is not included in the total amount of €2,938 million, since it was considered a liability when calculating the net assets contributed by SUEZ SA and is therefore shown in "Change in other items" within working capital requirements.

(2) Excluding the share dividend for an equivalent euro value of €1,377 million. The €3,400 million figure reflects (i) the recurring dividend net of the interim dividend paid in 2008 (€1,288 million), plus the portion of the special non-recurring dividend paid in cash (€340 million); and (ii) the 2009 interim dividend (€1,772 million).

11.4.2 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

A Summary of significant accounting policies

The 2009 financial statements have been drawn up in euros in compliance with the general principles prescribed by the French chart of accounts, as set out in Regulation No. 99.03 issued by the French Accounting Standards Committee *(Comité de Réglementation Comptable* – CRC), and with the valuation methods described below.

Financial transactions involving equity investments and the related receivables, especially impairment charges or reversals, are included in non-recurring items rather than financial items. In accordance with Article 120-2 of the French chart of accounts, GDF SUEZ SA considers that although this classification diverges from French accounting standards, it gives a more faithful view of the income statement because all items of income and expenses relating to equity investments can be shown together with capital gains or losses on disposals under non-recurring items.

Use of estimates

The preparation of financial statements requires GDF SUEZ SA to use estimates and assumptions that affect the amounts reported in the financial statements or in the notes thereto. This mainly concerns provisions for dismantling and site rehabilitation costs, provisions for contingencies, the measurement of equity investments, and provisions and off-balance sheet commitments relating to employee benefits.

The financial statements reflect management's best estimates of these amounts, based on information available at the end of the reporting period.

Shareholders' equity

Additional paid-in capital

External costs directly attributable to capital increases are deducted from additional paid-in capital. Other costs are expensed as incurred.

Merger premium

External expenses directly attributable to the merger between Gaz de France SA and SUEZ SA are deducted from the merger premium.

Revaluation adjustments

This caption results from the legal revaluations of non-amortizable assets not operated under concessions carried out in 1959 and 1976.

Other equity – irredeemable and non-voting securities *(titres participatifs)*

GDF SUEZ SA issued irredeemable and non-voting securities *(titres participatifs)* in 1985 and 1986 within the scope of Act No. 83.1 of January 10, 1983 and Act No. 85.695 of July 11, 1985. These securities are shown in liabilities for their nominal amount and are redeemable only at the initiative of GDF SUEZ SA. Interest paid on irredeemable and non-voting securities *(titres participatifs)* is included in financial expenses (see Note 10).

Irredeemable and non-voting securities *(titres participatifs)* that have been redeemed are classified in "Marketable securities".

Gains or losses arising on the cancellation of irredeemable and non-voting securities *(titres participatifs)* bought back by the Company are shown in financial items.

Intangible assets

This caption mainly comprises:

- the purchase cost or production cost of software, amortized over its estimated useful life;
- technical losses resulting from the merger.

Technical losses are allocated off-the-books to the various assets contributed within the scope of the merger. In the event of a disposal, the portion of the loss relating to the assets sold is reversed through income.

Research costs are expensed in the year in which they are incurred.

In accordance with the option permitted by CRC Regulation No. 2004-06, other development costs are capitalized provided they meet specific criteria, particularly as regards the pattern in which the intangible asset is expected to generate future economic benefits.

A useful life of between five and seven years is generally used to calculate software amortization.

Accelerated amortization, classified in the balance sheet under tax-driven provisions, is recognized whenever the useful lives for tax purposes are shorter than those used for accounting purposes, or whenever the amortization method for accounting and tax purposes differs.

Property, plant and equipment

All items of property, plant and equipment are carried at purchase cost or production cost, including ancillary expenses, with the exception of assets acquired prior to December 31, 1976, which are shown at their revalued amount at that date.

Almost all items of property, plant and equipment are depreciated on a straight-line basis.

Assets are depreciated over their useful lives, based on the period over which they are expected to be used. The useful lives for the main asset classes are as follows:

- buildings: 20 to 40 years;
- other: 3 to 15 years.

Accelerated depreciation, classified in the balance sheet under tax-driven provisions, is recognized whenever the useful lives for tax purposes

are shorter than those used for accounting purposes, or whenever the depreciation method for accounting and tax purposes differs.

Components

When the components of a given asset cannot be used separately, the overall asset is recognized. If one or more components have different useful lives at the outset, each component is recognized and depreciated separately.

Financial fixed assets

Equity investments

Equity investments represent long-term investments providing GDF SUEZ SA with control or significant influence over the issuer, or helping it to establish business relations with the issuer.

Newly acquired equity investments are recognized at purchase price plus directly attributable transaction fees.

Investments which GDF SUEZ SA intends to hold on a long-term basis are written down if their value in use falls below cost. Value in use is assessed by reference to the intrinsic value, yield value, expected cash flows and stock market prices for the assets, taking into account any currency hedges where appropriate.

Investments which GDF SUEZ SA has decided to sell are written down if their book value is lower than their estimated sale price. If sale negotiations are ongoing at the end of the reporting period, the best estimate is used to determine the sale price.

Amounts receivable from equity investments

This caption consists of loans granted by GDF SUEZ SA to equity investments.

They are recognized at face value. In line with the treatment adopted for equity investments, these amounts are written down if their value in use falls below their face amount.

Provisions for contingencies may be booked if the Company considers that the cost of its commitment exceeds the value of the assets held.

Other financial fixed assets

This caption includes mainly investments other than equity investments that GDF SUEZ SA intends to hold on a long-term basis but which do not meet the definition of equity investments.

A writedown may be taken against other financial fixed assets in accordance with the criteria described above for equity investments.

Liquidity agreement and treasury stock

The Company has entered into liquidity agreements with an investment services provider. Under these agreements, the investment services provider agrees to buy and sell GDF SUEZ SA shares to organize the market for and ensure the liquidity of the share on the Paris and Brussels stock markets.

The amounts paid to the investment services provider are included in “Other long-term investments”. An impairment loss is recognized against the shares when their average price for the month in which the accounts are closed is lower than their book value.

Marketable securities

Marketable securities are shown on the balance sheet at cost.

When the market value of securities at December 31 is lower than their acquisition cost, a writedown is recognized for the difference.

For listed securities, market value is determined based on the market price at the end of the reporting period.

Gas inventories

Gas injected into underground reservoirs in included in inventories. It is measured at average purchase cost including domestic and international freight costs upon entering the transportation network regardless of its source, and including any regasification costs. Outflows are measured on a monthly basis using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories, representing the selling price less costs directly and indirectly attributable to distribution, is lower than weighted average cost.

Operating receivables

This caption includes all receivables arising on the sale of goods, and other receivables arising in the ordinary course of operations.

Gas delivered but not billed

Receivables also include unbilled revenues for gas delivered, regardless of whether or not the meters have been read.

This caption concerns customers not billed monthly (mainly residential customers) and customers whose billing period is not aligned with the consumption period of a given month.

In France, delivered unbilled natural gas (“gas in the meter”) is calculated using a method factoring in average energy prices and historical consumption data. The average price used takes account of the category of customer and the age of the delivered unbilled “gas in the meter”. These estimates are sensitive to the assumptions used.

Customers (mainly retail customers) can opt to pay on a monthly basis. In this case, the Company recognizes a monthly advance and a bill is issued at the anniversary date of the contract giving rise to the payment (or refund) of any difference between the amount billed and the advance payments already received.

Unbilled revenues in respect of delivered unbilled natural gas are netted against the advances already collected by the Company from customers billed monthly.

Impairment of trade receivables

Bad debt risk is analyzed on a case-by-case basis for the Company’s largest customers.

Receivables from other customers are written down using rates which increase in line with the age of the related receivables.

The potential bad debt risk arising on amounts receivable in respect of delivered unbilled natural gas is also taken into account.

Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their equivalent value in euros at the transaction date.

Foreign currency receivables, payables and cash and cash equivalents are converted at the exchange rate prevailing at year-end. Translation differences are taken to income when they arise on cash and cash equivalents, or to the balance sheet under unrealized foreign exchange gains or losses when they arise on receivables and payables. A provision is set aside for unrealized losses after taking account of any associated hedging instruments.

Provisions for contingencies and losses

In accordance with CRC Regulation No. 2000-06 on liabilities, a provision is recognized when the Company has a legal or constructive obligation resulting from a past event which is expected to result in an outflow of resources embodying economic benefits that can be measured reliably.

The provision represents the best estimate of the amount required to settle the present obligation at the end of the reporting period.

Provisions for rehabilitating land on which former gas production plants were located

These provisions are set aside to cover the estimated costs of rehabilitating land on which former gas production plants were located, in light of general environmental protection standards and laws and regulations specific to certain equipment.

These provisions reflect the best estimate of the costs that this will involve, based on (i) current cost information, technical knowledge and experience acquired, and (ii) regulatory requirements in force or in the process of being adopted.

The provision is set aside for the full amount of any such costs, since the Company may be asked to rehabilitate the site at any time. The provision recognized has not been discounted.

Any revisions subsequently made to estimates (timing of rehabilitation obligations, estimated costs involved, etc.) are taken into account on a prospective basis. Movements in these provisions are shown under operating items.

Provision for employee bonus share awards and stock option plans

In accordance with CRC Regulation No. 2008-15 of December 4, 2008, the provision for employee bonus share awards is recognized on a straight-line basis over the period during which the rights vest in the employees. The provision ultimately covers the disposal loss equal to the book value of treasury stock granted free of consideration to employees. Movements in this provision and any related costs are shown in personnel expenses.

For stock options, a provision is set aside whenever the share price at the end of the reporting period is higher than the exercise price of the options granted. The provision is set aside on a straight-line basis over the period during which the rights vest in the employees, and ultimately covers the disposal loss equal to the purchase cost of the shares, less the exercise price paid by employees.

Bond redemption premiums and issue costs

In accordance with the benchmark treatment prescribed by the French National Accounting Board *(Conseil National de la Comptabilité – CNC)*, bond issue costs are recognized on a straight-line basis over the life of the instruments. These issue costs mainly consist of advertising expenses (for public issues) and fees due to financial intermediaries.

Bonds carrying a redemption premium are recognized in liabilities for their total amount including redemption premiums. The matching entry for these premiums is recorded in assets under accruals, and amortized over the life of the bonds pro rata to interest.

Pensions and other employee benefit obligations

Special regime for Electricity and Gas utilities

GDF SUEZ SA qualifies for the disability, pension and death benefits available under the special regime for Electricity and Gas utilities (see Note 22).

Accounting treatment

In accordance with the option permitted by the CNC's Emerging Issues Taskforce in opinion 2000-A dated July 6, 2000, GDF SUEZ SA recognizes provisions under liabilities solely for benefits granted to employees whose rights have already begun to vest (annuities for occupational accidents and illnesses, temporary incapacity or disability benefits), benefits due during the employee's working life (long-service awards and bonus leave), and benefits covered by the pension provision prior to the change in accounting policy.

As part of the 2008 merger between SUEZ and Gaz de France with retroactive effect from January 1, 2008, provisions for pensions and other employee benefits (pensions, retirement indemnities and healthcare) carried by SUEZ SA at December 31, 2007 were transferred to GDF SUEZ SA.

In accordance with opinion 2005-C of the CNC's Emerging Issues Taskforce and with the method applied by GDF SUEZ SA and described above, no further amounts will be set aside to these provisions in respect of rights newly vested by employees or the unwinding of discounting adjustments on the provisions transferred within the scope of the merger. These provisions are written back in line with the settlement of the corresponding obligations.

No provisions are set aside in liabilities for other commitments. These are disclosed in Note 22 on off-balance sheet commitments.

Basis of measurement and actuarial assumptions

Benefit obligations are measured using the projected unit credit method. The present value of the obligations of GDF SUEZ SA is calculated by allocating vested benefits to periods of service under the plan's benefit formula. When an employee's service in later years leads to a materially higher level of benefits than in earlier years, the Group allocates the benefits on a straight-line basis.

Future payments in respect of these benefits are calculated based on assumptions as to salary increases, retirement age, mortality and employee turnover.

The rate used to discount future benefit payments is determined by reference to the yield on investment grade corporate bonds based on maturities consistent with the benefit obligation.

Financial instruments and commodity derivatives

To hedge and manage its currency, interest rate and commodity risk, GDF SUEZ SA uses financial and operating instruments disclosed in off-balance sheet commitments.

Changes in the market value of forward currency purchase or sale contracts are taken to income symmetrically with the gain or loss on the hedged item.

Commodity derivatives are marked to market and treated in the same way as the items hedged.

If the hedged item ceases to exist, the contract is unwound and any gains or losses taken to income. Gains or losses on swaps are recognized when the transaction expires.

The recognition of gains or losses on these transactions depends on whether (i) they are carried out on an organized market, in which case the gain or loss on the contract, representing the change in its market value, is recognized before the contract is unwound, or (ii) whether they are traded over-the-counter, in which case they are recognized at the time the contract is unwound, with a provision recorded for any potential capital losses.

Income tax

Since January 1, 1988, GDF SUEZ SA has been part of the tax consolidation regime introduced by Article 68 of Act. No. 87-1060 of December 30, 1987. GDF SUEZ SA is head of the tax group within the meaning of Articles 223 A *et seq.* of the French Tax Code.

The contribution of subsidiaries in the tax consolidation group to the Group's income tax expense equals the amount of tax for which they would have been liable if they had not been members of the tax consolidation group.

The impacts of tax consolidation are recorded under the income tax expense of GDF SUEZ SA, as parent company.

GDF SUEZ SA also records a provision for any tax savings generated by subsidiaries' tax losses. These savings initially benefit GDF SUEZ SA as parent company, and are recovered by the subsidiaries once they return to profit (hence the provision booked).

Statutory training entitlement

Rights vested under the statutory training entitlement at December 31, 2009 are disclosed in Note 24.

In accordance with opinion 2004 F of the CNC's Emerging Issues Taskforce on the recognition of statutory training entitlements, no provision has been recorded by GDF SUEZ SA in the 2009 financial statements, as employee rights are included in the Company training plan.

B Comparability of periods presented

The merger of SUEZ into Gaz de France and the creation of Storengy and Elengy to manage storage facilities and LNG terminals, respectively, were carried out with retroactive effect for accounting and tax purposes from January 1, 2008. Accordingly, the 2009 financial statements are comparable with the financial statements for the year ended December 31, 2008.

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C Additional information regarding the balance sheet and income statement

NOTE 1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Dec. 31, 2008	Increases	Decreases	Reclassifications	Dec. 31, 2009
INTANGIBLE ASSETS	**1,021**	**103**	**(17)**	**-**	**1,107**
PROPERTY, PLANT AND EQUIPMENT					
Land	43	-	-	(2)	41
Buildings	494	-	(3)	(23)	468
Plant and equipment	140	9	(6)	-	143
Other	97	7	(1)	25	128
Construction in progress	30	105	(11)	-	124
	804	**121**	**(21)**	**-**	**904**
ADVANCES AND DOWNPAYMENTS	**26**	**55**	**-**	**-**	**81**
	1,851	279	(38)	-	2,092

Research & development costs recognized in expenses in 2009 totaled €68 million (€57 million in 2008).

NOTE 2 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Changes in this caption were as follows:

In millions of euros	Dec. 31, 2008	Additions taken through the income statement	Reversals taken through the income statement	Changes taken through the balance sheet	Dec. 31, 2009
INTANGIBLE ASSETS	**153**	**50**	**-**	**(10)**	**193**
PROPERTY, PLANT AND EQUIPMENT					
Land	2	-	-	(2)	-
Buildings	333	14	(2)	(19)	326
Plant and equipment	73	6	(2)	(1)	76
Other	60	13	(1)	20	92
Assets in progress	5	-	(5)	-	-
	473	**33**	**(10)**	**(2)**	**494**
	626	**83**	**(10)**	**(12)**	**687**

Depreciation, amortization and impairment expenses can be broken down as follows:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Straight-line method	74	96
Declining-balance method	1	1
Impairment	1	1
	76	**98**

An additional expense of €7 million was recognized against non-recurring items in respect of accelerated depreciation and amortization.

Movements in impairment during the period are detailed in Note 8.

NOTE 3 FINANCE LEASES

If GDF SUEZ SA were the outright owner of property and other plant and equipment currently held under finance leases, these assets would be reported as follows:

In millions of euros	Gross value	Additions for the period	Net value	Depreciation
Property	159	5	71	88
Other plant and equipment	-	-	-	-
	159	**5**	**71**	**88**

Contractual commitments are as follows:

		Lease payments				
In millions of euros	Paid in 2009	Outstanding	Due in 1 year or less	Due in 1 to 5 years	Due in more than 5 years	Option exercise price
Property	10	39	7	25	7	-
Other plant and equipment	-	-	-	-	-	-
	10	**39**	**7**	**25**	**7**	**-**

Virtually all property lease agreements provide for a purchase option exercisable at a symbolic price of one euro.

NOTE 4 FINANCIAL FIXED ASSETS

Note 4 A Gross values

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Dec. 31, 2008	Increases	Decreases	Other	Dec. 31, 2009
Equity investments					
Consolidated equity investments	58,415	722	6	(51)	59,080
Non-consolidated equity investments	589	12	253	65	413
Other investments	1		1		-
	59,004	**734**	**260**	**14**	**59,493**
Other financial fixed assets					
Other long-term investments	1,428	3			1,431
Amounts receivable from equity investments	8,167	1,649	1,897	56	7,975
Loans	45	6	5	(4)	42
Other financial fixed assets	343	8	37		314
	9,983	**1,666**	**1,939**	**52**	**9,762**
	68,987	2,400	2,199	66	69,255

The year-on-year change in equity investments at December 31, 2009 reflects:

- the acquisition of La Compagnie du Vent from another Group company for €423 million;
- subscriptions to the capital increases carried out by GDF SUEZ Finance (€245 million) and Elengy (€47 million);
- repayment of a portion of the capital of SI Finances for €252 million.

Other long-term investments include mainly 36,898,000 treasury shares held with a view to being canceled, totaling €1,415 million (unchanged from December 31, 2008).

At December 31, 2009, GDF SUEZ SA held 197,500 treasury shares under the liquidity agreement. These shares had an acquisition cost of €6 million (identical to their market value at that date).

Equity investments and amounts due from these investments are detailed in Note 27.

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Note 4 B Impairment

In millions of euros	Dec. 31, 2008	Additions	Reversals	Other	Dec. 31, 2009
Consolidated equity investments	2,830	87	18		2,899
Non-consolidated equity investments	427	8	152		283
Amounts receivable from equity investments	261	23	1		283
Other	1				1
	3,519	**118**	**171**		**3,466**

Additions mainly concern impairment losses taken against GDF SUEZ Finance shares for €40 million and against Ondeo for €28 million. Reversals relate chiefly to reversals of the provision recognized in respect of SI Finance shares for €152 million, following the repayment of capital by SI Finance.

NOTE 5 INVENTORIES

In millions of euros	Gross value at Dec. 31, 2008	Increases	Decreases	Gross value at Dec. 31, 2009
Gas reserves	2,111	2,010	2,345	1,776
Other	1	8	1	8
	2,112	**2,018**	**2,346**	**1,784**

NOTE 6 MATURITY OF RECEIVABLES

In millions of euros	Gross amount at Dec. 31, 2009	Due		
		End-2010	Between 2011 and 2014	2015 and beyond
Non-current assets				
Amounts receivable from equity investments	7,975	718	1,990	5,267
Loans	42	7	15	20
Other	314	20	206	88
Current assets				
Trade and other receivables	5,185	5,185		
Current accounts with subsidiaries	6,983	6,983		
Other operating receivables	625	625		
Other receivables	743	708	19	16
Advances and downpayments received on orders	27	23		4
	21,894	**14,269**	**2,230**	**5,395**

NOTE 7 ACCRUALS

In millions of euros	Dec. 31, 2008	Increases	Decreases	Dec. 31, 2009
Loan redemption premiums	24	12	4	32
Deferred loan issuance costs	8	14	3	19
Financial instruments	118	40	118	40
	150	**66**	**125**	**91**

NOTE 8 IMPAIRMENT OF ASSETS (EXCLUDING FINANCIAL FIXED ASSETS)

In millions of euros	Dec. 31, 2008	Additions	Reversals	Dec. 31, 2009
Intangible assets	-	-	-	-
Property, plant and equipment	7	-	6	1
Inventories	-	-	-	-
Receivables	218	84	29	273
Marketable securities	-	-	-	-
	225	**84**	**35**	**274**

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NOTE 9 SHAREHOLDERS' EQUITY

Note 9 A Share capital – shares issued and outstanding

Share capital is fully paid up. Each share carries a single voting right.

Share capital

Shares comprising the share capital at January 1	**2,193,643,820**
Shares issued during the period:	
• share dividend	65,398,018
• employee share subscriptions	1,934,429
Total number of shares comprising the share capital	**2,260,976,267**

The Shareholders' Meeting of Gaz de France SA held on May 23, 2007 authorized the Board of Directors, under its sixth resolution, to buy back Gaz de France shares representing up to 5% of the share capital. The maximum purchase price was set at €50 per share excluding transaction fees.

At its meeting of December 19, 2007, the Board of Directors of Gaz de France SA decided to implement a share buyback program with a view to canceling the Gaz de France shares repurchased. The program concerned a maximum of 24,500,000 shares or around 2.5% of the capital of Gaz de France, up to a limit of €1,225 million excluding transaction fees. The buyback program ran from January 2008 to November 23, 2008. At December 31, 2009, the Board of Directors had bought back the maximum amount of shares permitted, representing 24,500,000 shares for an amount of €983 million.

At its meeting of July 22, 2008, the Board of Directors of GDF SUEZ SA decided to buy back its own shares with a view to canceling the shares repurchased, for a maximum amount of €1 billion.

The Board of Directors subsequently decided to discontinue the buyback program, under which 43% of the maximum authorized number of shares had been bought back. At December 31, 2009, GDF SUEZ SA held 12,398,000 treasury shares for a total amount of €432 million.

At December 31, 2009, GDF SUEZ SA held 36,898,000 treasury shares, plus the shares it acquired in connection with bonus share awards (see Note 9 C), for a total amount of €1,415 million. At end-2009, the market value of these shares amounted to €1,117 million.

At December 31, 2009, GDF SUEZ SA also held 197,500 shares under the liquidity agreements in force. The acquisition cost of the shares was €6 million, which also reflects their market value.

In 2009, a total of 12,193,848 shares were purchased and 12,095,707 shares were sold under these liquidity agreements, generating a net capital gain of €2 million.

Note 9 B Change in shareholders' equity

In millions of euros	Change
Shareholders' equity at December 31, 2008	**52,043**
Employee share subscriptions (capital + additional paid-in capital)	32
Dividends and interim dividends paid	(3,400)
Tax-driven provisions	87
Miscellaneous	(5)
Income	2,261
Shareholders' equity at December 31, 2009	**51,018**

In 2009, GDF SUEZ SA paid:

- in respect of 2008:
  - a recurring dividend net of the interim dividend paid in 2008 of €0.60 per share, representing a total amount of €1,288 million,
  - a special non-recurring dividend of €0.80 per share, payable in stock or in cash at shareholders' discretion. A total of €341 million in cash was paid in this respect;
- an interim dividend for 2009 of €0.80 per share, representing a total amount of €1,772 million.

The euro equivalent value of the special share dividend was €1,377 million.

Note 9 C Employee bonus share awards and stock option plans

In accordance with the decisions taken by the Shareholders' Meeting of Gaz de France SA, in June 2007 and May 2008 the Board of Directors decided to allocate shares free of consideration to all Group employees, subject to a vesting period of two years. It was decided that a portion of the shares would be allocated based on performance conditions. These programs are known as the "Shares+2007 Plan" and "Shares+2008 Plan", respectively. Bonus share plans awarded by SUEZ SA prior to the merger were transferred to GDF SUEZ SA.

In accordance with decisions taken by the Shareholders' Meeting of GDF SUEZ SA, in July 2009 the Board of Directors resolved to allocate shares free of consideration to all Group employees, subject to a minimum seniority of two years and a number of performance conditions. In November 2009, the Board of Directors resolved to allocate shares free of consideration and stock purchase options to certain employees, subject to a minimum seniority of two years and a number of performance conditions.

Based on all existing share plans, the number of beneficiaries and staff turnover assumptions, at December 31, 2009 GDF SUEZ SA considered that it had an obligation to deliver 25,072,320 shares, including 12,886,844 shares on the exercise of stock options. In 2009, GDF SUEZ SA granted 4,990,914 bonus shares and 5,240,854 stock purchase options to GDF SUEZ Group employees. During the same period, 3,306,789 shares were distributed to the Group's employees.

Following the GDF SUEZ merger, GDF SUEZ SA took over the stock subscription options granted by SUEZ SA prior to the merger. In view of the options exercised and in the absence of any further share subscription options granted since the merger, GDF SUEZ SA could be required to issue a maximum 36,619,478 shares at December 31, 2009.

In 2009, GDF SUEZ SA purchased 9,800,000 shares for a total of €272 million. In view of the shares delivered in 2009, the Company holds 8,019,353 shares to cover its bonus share obligations at December 31, 2009, representing a total amount of €223 million. The market value of these shares at December 31, 2009 was €243 million.

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NOTE 10 OTHER EQUITY

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Irredeemable and non-voting securities *(titres participatifs)*	429	480
Value of concession assets – Concession grantors' rights	21	17
OTHER EQUITY	450	497

GDF SUEZ SA issued irredeemable and non-voting securities *(titres participatifs)* in 1985 and 1986 pursuant to Act No. 83.1 of January 1, 1983 and Act No. 85.695 of July 11, 1985.

Since August 1992, GDF SUEZ SA may choose to redeem these irredeemable and non-voting securities *(titres participatifs)* at any time, at a price equal to 130% of their nominal amount.

The irredeemable and non-voting securities *(titres participatifs)* accrue interest within an average bond yield range of between 85% and 130%. They include a fixed component equal to 63% of the average bond yield (TMO) and a variable component based on the year-on-year increase in value added reported by GDF SUEZ SA or the Group (Group share), whichever is higher.

A contract hedging the interest payable on these irredeemable and non-voting securities *(titres participatifs)* was set up in 2006 (see Note 21 A).

In accordance with the provisions of the French Commercial Code (Code de commerce), in 2009 GDF SUEZ SA canceled the 67,485 irredeemable and non-voting securities *(titres participatifs)* that had been redeemed in 2008. The gain on this transaction recognized in financial items totaled €827 thousand. After the securities were cancelled, the Group had €429 million in outstanding irredeemable and non-voting securities *(titres participatifs)*, versus €480 million at December 31, 2008.

At end-2009, the corresponding financial expense amounted to €24 million.

NOTE 11 PROVISIONS

Note 11 A Tax-driven provisions and investment subsidies

In millions of euros	Dec. 31, 2008	Additions taken through the income statement	Reversals taken through the income statement	Dec. 31, 2009
Accelerated depreciation and amortization	293	111	44	360
Provision for price increases	217	20		237
Provision for investments	3			3
Tax-driven provisions	**513**	**131**	**44**	**600**
Investment subsidies	-			-
TOTAL	513	131	44	600

Note 11 B Provisions for contingencies and losses

In millions of euros	Dec. 31, 2008	Additions taken through the income statement	Additions taken through the balance sheet	Utilizations		Reversals (surplus provisions)	Other	Dec. 31, 2009
				Balance sheet	Income statement			
Provisions for site rehabilitation (Note 11 B1)	48				10	12		26
Provisions relating to employees (Note 11 B2)	454	95			212			337
Provisions for taxes (Note 11 B3)	676	1			42	41	(13)	581
Provisions for tax consolidation (Note 11 B4)	2,129	136			126	17		2,122
Vendor warranties (Note 11 B5)	54	5			6		44	97
Risks arising on subsidiaries (Note 11 B6)	205	1			132		(44)	30
Other provisions for contingencies and losses (Note 11 B7)	1,025	117		3	717	250	13	185
PROVISIONS FOR CONTINGENCIES AND LOSSES	**4,591**	**355**		**3**	**1,245**	**320**	**-**	**3,378**

Note 11 B1 Provisions for site rehabilitation

At December 31, 2009, these provisions consisted of:

- €3 million for plant and equipment (unchanged from end-2008), relating solely to the Corsican distribution network;
- €23 million (end-2008: €45 million) for the rehabilitation of land on which gas production plants were located. In 2009, €10 million of the provision was utilized, reflecting rehabilitation work completed. An additional write-back of €12 million was also recognized to reflect revised estimates.

Note 11 B2 Provisions relating to employees

Provisions for pensions and other employee benefit obligations

Pension obligations are covered by insurance funds and a provision of €67 million.

Provisions have been set aside for the full amount of (i) disability benefits and allowances for occupational accidents and illnesses of active employees at year-end, (ii) bonus leave, and (iii) long-service awards, totaling €70 million, €15 million and €6 million, respectively.

The provisions for pensions and other employee benefit obligations carried by SUEZ SA at the time of the 2008 merger are written back as and when the corresponding liabilities for which they were set aside at end-2007 are extinguished. No further amounts are set aside to these provisions in respect of rights newly vested or the unwinding of discounting adjustments. At December 31, 2009, the corresponding provisions totaled €32 million for pensions (included in the €67 million provision) and €21 million for post-employment benefits.

The full amount of end-of-career indemnities is covered by insurance funds.

Details of changes in these provisions are provided in Note 22.

Provision for employee bonus share awards and stock option plans

At December 31, 2009, the provision for employee bonus share awards and stock option plans amounted to €154 million (end-2008: €163 million).

In 2009, GDF SUEZ SA set aside a further €87 million to this provision to cover rights vested by employees. It also wrote back €96 million of the provision following the expiration of certain bonus share plans.

Other provisions

At December 31, 2009, GDF SUEZ SA recognized other provisions relating to employees for €4 million.

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Note 11 B3 Provisions for taxes

Provisions for taxes totaled €581 million at December 31, 2009 and €676 million at December 31, 2008, and chiefly relate to the acquisition of the transmission network in 2002. The provisions will be written back over a period of 14 years. The amount written back in 2009 was €83 million.

Note 11 B4 Provisions for tax consolidation

GDF SUEZ SA has chosen to file consolidated tax returns. As a result, it sets aside a provision reflecting its obligation to transfer to subsidiaries any tax losses utilized.

At December 31, 2007, the capital gain on the disposal of the gas distribution activity had no impact on tax, since GrDF was part of the tax consolidation group. As from 2008 the subsidiary's statutory financial statements show tax savings relating to the amortizable component of the capital gain arising on the disposal of the gas distribution business. This excess amortization is canceled out at the level of the tax consolidation group. In accordance with the tax consolidation agreements signed with its subsidiaries, GDF SUEZ SA recognized a provision for tax consolidation with respect to GrDF for a definitive amount of €1,938 million, based on the amortizable component. At December 31, 2009, the Company wrote back an amount of €105 million (€100 million at end-2008) corresponding to the neutralization of the excess amortization on the amortizable component arising in the year.

Provisions for tax consolidation amounted to €2,122 million at end-2009, including €1,732 million relating to the amortizable component of GrDF's intangible asset.

Note 11 B5 Provisions for vendor warranties

At December 31, 2009, provisions for vendor warranties totaled €97 million. The additional amount of €5 million set aside in the year concerns the vendor warranty granted on the sale of Indosuez to Crédit Agricole, and brings the provision into line with the estimated risks.

Note 11 B6 Provisions for risks arising on subsidiaries

Risks arising on subsidiaries totaled €30 million at December 31, 2009.

The main changes in the year are attributable to GDF SUEZ Finance, for which an amount of €127 million was written back based on its net assets at end-2009.

Note 11 B7 Other provisions for contingencies and losses

This item mainly includes provisions for contingencies arising on other third parties, and provisions for disputes. Movements in these provisions chiefly impact non-recurring items.

Reversals during the period relate mainly to the write-back of the provision set aside in respect of the Megal dispute (see Note 21 E) following the settlement paid.

NOTE 12 BORROWINGS AND DEBT

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Borrowings		
Bonds	12,381	5,727
Other loans	3,994	6,717
Current accounts and loans with subsidiaries	4,302	7,499
	20,677	**19,943**
Other borrowings and debt		
Deposits received from customers	39	38
Current portion of interest due	547	122
Bank overdrafts	168	29
Miscellaneous borrowings	313	229
	1,067	**418**
	21,744	**20,361**

The increase in borrowings in 2009 reflects:

- issues of euro bonds for €5,000 million and foreign currency bonds for an equivalent value of €1,656 million (see Note 13 A);
- issues of US commercial paper for a total of €1,522 million;

offset by:

- a €3,245 million decrease in issues of treasury bills;
- a €3,197 million decrease in loans and current accounts with the Group;
- repayment of a €1 billion credit line;
- redemption of the JPY 3 billion bond issue maturing in March 2009, for €23 million.

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NOTE 13 MATURITY OF BORROWINGS, DEBT AND PAYABLES

		Due		
In millions of euros	Dec. 31, 2009	End-2010	Between 2011 and 2014	2015 and beyond
Borrowings and debt	**21,744**	**9,194**	**5,869**	**6,681**
Bonds	12,381		5,700	6,681
Other loans	3,994	3,994		
Current accounts and loans with subsidiaries	4,302	4,302		
Other borrowings and debt	1,067	898	169	
Trade and other payables	**4,054**	**4,054**		
Tax and employee-related liabilities	**1,165**	**1,165**		
Other liabilities	**1,036**	**897**	**118**	**21**
Advances from customers	300	300		
Other	736	597	118	21
Advances and downpayments received on orders	**1**	**1**		
	28,000	15,311	5,987	6,702

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Note 13 A Breakdown of bond debt

	Dec. 31, 2009	Issue date	Expiration date	Interest	Listing
Public issues					
• in millions of euros	1,250	02/2003	02/2013	4.750%	Paris/Luxembourg
• in millions of euros	750	02/2003	02/2018	5.125%	Paris/Luxembourg
• in millions of euros	1,000	10/2008	01/2014	6.250%	Luxembourg
• in millions of euros	900	10/2008	01/2019	6.875%	Luxembourg
• in millions of euros	400	12/2008	01/2014	6.250%	Luxembourg
• in millions of euros	300	12/2008	01/2019	6.875%	Luxembourg
• in millions of euros	1,750	01/2009	01/2012	4.375%	Luxembourg
• in millions of euros	1,500	01/2009	01/2016	5.625%	Luxembourg
• in millions of euros	1,000	01/2009	01/2021	6.375%	Luxembourg
• in millions of euros	750	02/2009	02/2015	5.000%	Luxembourg
• in millions of pounds sterling	500	10/2008	10/2028	7.000%	Luxembourg
• in millions of pounds sterling	700	02/2009	02/2021	6.125%	Luxembourg
• in millions of Swiss francs	625	12/2008	12/2012	3.500%	Zurich
• in millions of Swiss francs	350	02/2009	12/2012	3.500%	Zurich
• in millions of yen	65,000	12/2009	12/2014	1.170%	Tokyo
Private placements					
• in millions of yen	15,000	12/2008	12/2023	3.180%	None
• in millions of yen	18,000	02/2009	02/2014	LibJPY3+1.2%	None

A private placement of JPY 3,000 million was redeemed at maturity in March 2009.

Note 13 B Other loans

At December 31, 2009, other loans were at fixed rates and denominated in euros (€1,502 million) and US dollars (equivalent value of €2,492 million). These loans fall due in less than one year.

Note 13 C Other borrowings and debt

Other borrowings and debt (deposits received from customers, bank overdrafts, bank facilities, etc.) are chiefly denominated in euros.

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NOTE 14 ANALYSIS OF BORROWINGS AND DEBT BY CURRENCY AND INTEREST RATE

Note 14 A Analysis by interest rate

In millions of euros	After hedging		Before hedging	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Floating rate				
Bonds	4,205	1,789	135	-
Other loans	2,933	3,932	215	1,001
Current accounts with subsidiaries	4,148	7,499	4,148	7,499
Other borrowings and debt	1,067	418	1,067	418
Fixed rate				
Bonds	8,176	3,938	12,246	5,727
Other loans	1,061	2,785	3,779	5,716
Current accounts with subsidiaries	154	-	154	-
	21,744	**20,361**	**21,744**	**20,361**

Note 14 B Analysis by currency

In millions of euros	After hedging		Before hedging	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
In euros				
Bonds	12,381	5,727	9,632	4,638
Other loans	3,994	6,717	1,502	5,747
Current accounts with subsidiaries	4,109	7,278	3,860	6,875
Other borrowings and debt	1,067	418	1,067	418
In foreign currency				
Bonds	-	-	2,749	1,089
Other loans	-	-	2,492	970
Current accounts with subsidiaries	193	221	442	624
	21,744	**20,361**	**21,744**	**20,361**

NOTE 15 BREAKDOWN OF REVENUES

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Energy sales		
• France	16,187	16,862
• International	7,058	6,661
Works, research and services provided	962	961
Revenues from non-core activities and other	687	725
REVENUES	**24,894**	**25,209**

NOTE 16 ADDITIONS TO DEPRECIATION, AMORTIZATION, IMPAIRMENT AND PROVISIONS (NET OF REVERSALS), AND EXPENSE TRANSFERS

Note 16 A Net additions to depreciation and amortization

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Straight-line depreciation/amortization	74	96
Declining-balance depreciation/amortization	1	1
Concession termination amortization	1	1
Reversals		-
NET ADDITIONS TO DEPRECIATION AND AMORTIZATION	**76**	**98**

Note 16 B Net additions to impairment

Net additions to impairment amounted to €50 million in 2009 versus €32 million in 2008.

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Note 16 C Net changes in provisions

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
Provision for capital renewal and replacement liabilities regarding concessions	4	1
Provision for site rehabilitation	(21)	9
Provisions relating to employees	(97)	(19)
Other contingency and loss provisions for operating items	15	(20)
NET CHANGES IN PROVISIONS	**(99)**	**(29)**

Note 16 D Expense transfers

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
EXPENSE TRANSFERS	**(30)**	**(167)**

Expense transfers are included in other operating income.

NOTE 17 FINANCIAL INCOME AND EXPENSE

In millions of euros	Dec. 31, 2009 Expenses	Dec. 31, 2009 Income	Dec. 31, 2009 Net	Dec. 31, 2008 Net
Other interest income and expenses	(1,174)	448	(726)	(264)
Interest on current accounts and amounts receivable from equity investments	(41)	418	377	417
Foreign exchange gains/(losses)	(847)	791	(56)	(18)
Dividends received		1,881	1,881	1,859
Movements in provisions for financial items	(22)	100	78	(55)
TOTAL	**(2,084)**	**3,638**	**1,554**	**1,939**

NOTE 18 NON-RECURRING ITEMS

In millions of euros	Dec. 31, 2009 Expenses	Dec. 31, 2009 Income	Dec. 31, 2009 Net	Dec. 31, 2008 Net
Disposals of property, plant and equipment and intangible assets	(26)	30	4	12
Disposals of financial fixed assets	(262)	94	(168)	1,014
Provision for price increases	(19)		(19)	(76)
Accelerated depreciation and amortization	(111)	44	(67)	799
Movements in provisions relating to equity investments	(116)	297	181	(866)
Other	(566)	819	253	(988)
TOTAL	**(1,100)**	**1,284**	**184**	**(105)**

The net balance of non-recurring items for 2009 chiefly reflects:

- the reversal of the contingency provision set aside by GDF SUEZ Finance in 2008 based on its net equity;
- the reversal of the impairment provision relating to SI Finance, following the capital repayment in 2009;
- net additions to tax-driven provisions;
- the reversal of the provision set aside in respect of the Megal case (see Note 21 E), following the settlement paid during the period.

NOTE 19 TAX POSITION

1. Tax consolidation regime

The current option to file consolidated tax returns initially subscribed by Gaz de France SA (now GDF SUEZ SA) was automatically renewed on January 1, 2008 for a period of five years.

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2. Income tax

The income tax rate in 2009 was 34.43%. This includes the 3.3% contribution introduced in 2000.

In millions of euros	2009	2008
Income tax due by GDF SUEZ SA for the period (excluding tax consolidation group)[1]	0	0
Income tax relating to subsidiaries within the tax consolidation group[2]	(131)	(345)
Net change in provisions for income tax[3]	(90)	(275)
Other	21	3
CORPORATE INCOME TAX		
Income tax expense		
Tax benefit	**(200)**	**(617)**

(1) The taxable earnings of GDF SUEZ SA in 2009, after the utilization of tax loss carryforwards arising in previous years, amount to nil.

(2) The savings resulting from tax consolidation amounted to €131 million in 2009 and €345 million in 2008, and are attributable to the difference between:

- *€192 million in tax due to the French Treasury in respect of the tax consolidation group (€60 million in 2008);*
- *the €323 million contribution to Group tax due to GDF SUEZ SA by subsidiaries reporting a profit (€405 million in 2008).*

(3) Net reversals from provisions for taxes in 2009 reflect mainly:

- *€98 million set aside to provisions in respect of income tax savings arising on tax losses transferred by subsidiaries in the tax consolidation group (€130 million in 2008);*
- *€105 million in reversals from the provision relating to the excess amortization during the period of the amortizable component of the capital gain generated on the sale of gas distribution activities in 2007 (€321 million in 2008 including €220 million relating to the write-back of a surplus provision linked to the definitive allocation of GrDF's intangible asset);*
- *€83 million in reversals from the provision set aside to cover the tax impact of recognizing the capital gain on the purchase of the transmission network in 2002 over a period of 14 years (unchanged from 2008).*

3. Deferred tax

Future tax liabilities as shown in the table below result from temporary differences between the treatment of income and expenses for tax and accounting purposes.

The future tax rate applied takes into account the special 3.3% tax surcharge provided for by Article 235 ter ZC of the French Tax Code, less a deduction of €763,000.

In millions of euros	2009	2008
Deferred tax liabilities		
• Unrecognized deductible expenses	227	243
• Untaxed income recognized	299	326
Deferred tax assets		
• Temporary non-deductible expenses recognized	350	678
• Unrecognized taxable income	156	351
Net deferred tax (liability in 2009)		
• Tax base	(20)	460
• Amount	(7)	158

4. Tax audit

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the sale of a tax receivable in 2005 for an amount of €995 million. The Company contested the tax authorities' position, which it considers unfounded, and has therefore not set aside a provision for the financial consequences of the dispute. On July 7, 2009, the authorities informed GDF SUEZ that they upheld their position.

NOTE 20 MARKETABLE SECURITIES

Marketable securities are shown in the balance sheet for a gross value of €403 million. The market value of these securities at December 31, 2009 was €426 million. GDF SUEZ shares acquired for subsequent allocation to employees are also included in this caption.

NOTE 21 OFF-BALANCE SHEET COMMITMENTS (EXCLUDING EMPLOYEE BENEFIT OBLIGATIONS)

Note 21 A Financial commitments

The GDF SUEZ Group's Finance Division is responsible for managing all financial risks (interest rate, currency, liquidity and credit risks).

Liquidity risk

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The centralization of financing needs and cash flow surpluses for the Group is provided by its financing vehicles (long-term and short-term) and its cash pooling vehicles.

Since 2008, GDF SUEZ SA is no longer responsible for the Group's cash pooling arrangements. Short-term cash requirements and cash surpluses for Europe are managed by dedicated financial vehicles in France, Belgium and Luxembourg. These vehicles centralize virtually all of the cash requirements and surpluses of companies controlled by the Group, ensuring that counterparty risk and investment strategies are managed consistently.

The Group seeks to diversify its long-term sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues commercial paper in France and Belgium, as well as in the United States.

Since the merger, long-term capital markets have been accessed chiefly by the parent company GDF SUEZ in connection with the Group's new bond issues, and by GDF SUEZ and Electrabel in connection with commercial paper.

As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. GDF SUEZ SA can therefore access facilities readily convertible into cash, enabling it to meet its cash requirements in the ordinary course of business or to serve as a bridge to finance external growth operations:

- GDF SUEZ SA has a €3,000 million syndicated line of credit maturity in February 2012;
- GDF SUEZ SA also has access to short-term debt markets through the short-term debt issues: US commercial paper for USD 4,500 million (of which USD 3,590 million had been drawn down at end-2009), and euro commercial paper (billets de trésorerie) for €5,000 million (€1,502 million drawn down at December 31, 2009);
- to optimize liquidity management at the level of the Group, the Finance Division of GDF SUEZ set up a cash pooling mechanism with the Group's main subsidiaries, which has been managed by GDF SUEZ Finance SA since 2008. GDF SUEZ SA continues to act as intermediary between GDF SUEZ Finance SA and the subsidiaries of the former Gaz de France group. This explains the amounts reported in assets and liabilities in respect of current accounts with subsidiaries, totaling €6,983 million and €4,302 million, respectively, at December 31, 2009.

These facilities are not subject to any covenants or credit rating requirements.

Counterparty risk

GDF SUEZ SA is exposed to counterparty risk arising on its operating and financing activities.

To manage counterparty risk arising on operating activities, the Group has put in place monitoring procedures adapted to the characteristics of the counterparties concerned (private corporations, individuals, public authorities). Customers representing a major counterparty for the Group are covered by procedures applicable to the financial activities described below, thereby providing broad-ranging oversight of the corresponding counterparty risk.

For its financing activities, GDF SUEZ SA has developed procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) counterparty risk exposure limits. GDF SUEZ SA also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls) to mitigate its counterparty risk exposure.

The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the Group's Treasury department and reports to the Finance division.

Interest rate risk

Based on its net debt position, GDF SUEZ SA has adopted a policy for optimizing borrowing costs using a combination of financial instruments (interest swaps and options) according to market conditions.

GDF SUEZ SA takes care to ensure that the difference between its floating-rate debt and its cash surpluses invested at a floating rate has a low degree of exposure to adverse changes in short-term interest rates.

In order to manage the interest rate structure for its net debt, the Group uses hedging instruments, primarily rate swaps and options. Positions are managed centrally and are reviewed each quarter or whenever any new financing is raised. Management must approve in advance any transaction that causes the interest rate mix to change significantly.

	Notional amount at Dec. 31, 2009					Fair value	Notional amount at Dec. 31, 2008
In millions of euros	Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total		
INTEREST RATE SWAP							
Fixed-rate borrower/ floating-rate lender			1,508	2,130	3,638	(77)	863
Floating-rate borrower/ fixed-rate lender	2,718	2,150	1,808	1,743	8,419	316	4,388
SALE OF SWAPTION							
Fixed-rate borrower/ floating-rate lender							638
PURCHASE OF SWAPTION							
Fixed-rate borrower/ floating-rate lender	676				676	0	
TOTAL EUR	**3,394**	**2,150**	**3,316**	**3,873**	**12,733**	**239**	**5,889**
INTEREST RATE SWAP							
Fixed-rate borrower/ floating-rate lender		452	41		494	5	
TOTAL NOK		**452**	**41**		**494**	**5**	
INTEREST RATE SWAP							
Fixed-rate borrower/ floating-rate lender			347		347	26	-
TOTAL USD			**347**		**347**	**26**	
	3,394	2,602	3,704	3,873	13,574	270	5,889

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In millions of euros	Notional amount at Dec. 31, 2009					Fair value	Notional amount at Dec. 31, 2008
	Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total		
CURRENCY SWAP							
Fixed-rate borrowers/ floating-rate lender				1,413	1,413	(135)	638
TOTAL GBP				**1,413**	**1,413**	**(135)**	**638**
CURRENCY SWAP							
Floating-rate borrower/ fixed-rate lender		486		129	615	(29)	129
Floating-rate borrower/ floating-rate lender		157			157	(24)	23
TOTAL JPY		**643**		**129**	**772**	**(53)**	**152**
CURRENCY SWAP							
Floating-rate borrower/fixed-rate lender		639			639	29	406
TOTAL CHF		**639**			**639**	**29**	**406**
CURRENCY SWAP							
Floating-rate borrower/ floating-rate lender		1,067			1,067	(25)	-
TOTAL USD		**1,067**			**1,067**	**(25)**	**-**
		2,349	-	1,542	3,891	(184)	1,196

Interest rate hedges in force at December 31, 2009 are described below:

- on January 23, 2006, GDF SUEZ SA entered into an interest rate swap with a financial institution hedging the interest rate on its class A irredeemable and non-voting securities *(titres participatifs)*. The swap is for a notional amount of €480 million, maturing on October 15, 2035, and comprises two successive periods:
  - up to October 15, 2015, a rate of 130% is applied to the notional amount indicated above,
  - thereafter, a rate of 100% is applied through to maturity;

  GDF SUEZ SA receives floating-rate interest equal to the average 10-year yield on a constant maturity swap (CMS) in euros, and pays an all-in fixed rate of 4.3285%.

  The 10-year yield on the constant maturity swap is strongly correlated with the benchmark average bond yield (TMO) used to calculate the interest payable on the irredeemable and non-voting securities (titres participatifs), while offering better liquidity and stability over the term of the hedge;
- to protect itself against interest rate risk on an electricity production investment project, in 2006 GDF SUEZ SA set up two fixed-for-floating rate swaps maturing on December 30, 2020 for a total notional amount of €250 million;
- GDF SUEZ SA entered into short-term swaps (maturing in less than six months) to hedge the interest rate risk on its short-term cash management transactions (essentially commercial paper issues in EUR and USD). At the end of the reporting period, these floating-rate borrower (Eonia)/fixed-rate lender swaps had a notional amount of €1,286 million (euro commercial paper) and €1,432 million (US commercial paper). GDF SUEZ SA also put in place currency swaps fixing the interest rate spread between US Libor and Eonia, for a total of €1,067 million;
- in 2008, GDF SUEZ SA issued bonds for a nominal amount of GBP 500 million maturing in 2028. To optimize the cost of its debt and protect against currency risk on these bonds, GDF SUEZ SA entered into:
  - two swaps converting pounds sterling into euros, enabling the initial debt of GBP 500 million paying 7% fixed interest to be swapped for debt of €638 million paying an average fixed interest rate of 6.712%,
  - two transactions affecting the cost of debt:
    - a swap for a notional amount of €318 million, converting debt at a fixed rate of 6.7% into floating-rate debt based on 6-month Euribor +2.65%,
    - a swap for a notional amount of €319 million, converting debt at a fixed rate of 4% into floating-rate debt based on 6-month Euribor,

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- debt optimization transactions involving:
  - the sale of two swaptions for a notional amount of €338 million, allowing GDF SUEZ SA to borrow at a fixed rate of 3.9% if the options are exercised,
  - the purchase of two swaptions for a notional amount of €338 million, allowing GDF SUEZ SA to borrow at a fixed rate of 4.2% if the options are exercised;
- in 2009, GDF SUEZ SA issued bonds for a nominal amount of GBP 700 million, maturing in 2021. Four currency swaps convert the full amount of the 6.125% fixed-rate GBP debt into total debt of €775 million bearing an average fixed interest rate of 6.162%;
- in 2008 and 2009, GDF SUEZ SA issued bonds for a nominal amount of CHF 975 million maturing in 2012. Seven currency swaps convert the full amount of the fixed-rate CHF debt into floating-rate debt denominated in euros:
  - four currency swaps paying 6-month Euribor +1.7% and receiving a fixed rate of 3.51% for a total notional amount of €113 million,
  - one currency swap paying 6-month Euribor +1.95% and receiving a fixed rate of 3.51% for a total notional amount of €293 million,
  - two currency swaps paying 6-month Euribor +1.634% and receiving a fixed rate of 3.51% for a total notional amount of €234 million;
- in 2008, GDF SUEZ SA issued bonds for a nominal amount of JPY 15 billion maturing in 2023. A currency swap was taken out in respect of these bonds to convert the full amount of the fixed-rate JPY debt into floating-rate debt denominated in euros. GDF SUEZ SA pays 3-month Euribor +2.05% and receives a fixed rate of 3.18% for a total notional amount of €129 million;
- in 2009, GDF SUEZ SA issued bonds for a nominal amount of JPY 10 billion maturing in 2014. A currency swap was taken out in respect of these bonds to convert the full amount of the floating-rate JPY debt into floating-rate debt denominated in euros. GDF SUEZ SA pays 3-month Euribor +1.48% and receives a floating rate of Libor JPY +1.2% for a total notional amount of €86 million;
- in 2009, GDF SUEZ SA issued bonds for a nominal amount of JPY 8 billion maturing in 2014. A currency swap was taken out in respect of these bonds to convert the full amount of the floating-rate JPY debt into floating-rate debt denominated in euros. GDF SUEZ SA pays 3-month Euribor +1.24% and receives a fixed-rate of Libor JPY +1.2% for a total notional amount of €70.5 million;
- in 2009, GDF SUEZ SA issued bonds for a nominal amount of JPY 65 billion maturing in 2014. Three currency swaps were taken out in respect of these bonds to convert the full amount of the fixed-rate JPY debt into floating-rate debt denominated in euros. GDF SUEZ SA pays 6-month Euribor +0.7263% and receives a fixed rate of 1.17% for a total notional amount of €486.5 million;
- in 2008, GDF SUEZ SA issued bonds paying fixed interest of 6.25% for a nominal amount of €400 million maturing in 2014, swapped for a floating rate based on 6-month Euribor +1.73%;
- in 2008, GDF SUEZ SA issued bonds paying fixed interest of 6.875% for a nominal amount of €300 million maturing in 2019, swapped for a floating-rate based on 6-month Euribor +2.17%;
- in 2009, GDF SUEZ SA issued bonds paying fixed interest of 4.375% for a nominal amount of €1,750 million maturing in 2012, swapped for a floating-rate based on 6-month Euribor +1.614%;
- in 2009, GDF SUEZ SA issued bonds for a nominal amount of €1,500 million maturing in 2016 and paying fixed-rate interest of 5.625%. To optimize the cost of its debt, GDF SUEZ SA entered into:
  - three transactions converting the full amount of the debt to debt bearing an average fixed interest rate of 6-month Euribor + 2.155%,
  - eight transactions resetting the average interest rate for the full amount of this debt at 5.35%;
- in 2009, GDF SUEZ SA issued bonds for a nominal amount of €1,000 million, maturing in 2021 and paying fixed-rate interest of 6.375%. To optimize the cost of its debt, GDF SUEZ SA entered into:
  - four transactions converting the full amount of its debt to debt bearing average interest at 6-month Euribor + 2.529%,
  - eight transactions resetting the average interest rate for the full amount of this debt at 6.183%;
- as part of the Group's interest rate risk management policy, in 2009 GDF SUEZ SA set up macro-hedges fixing the interest rate on the Group's US and NOK debt, for €347 million and €494 million, respectively.

Currency risk

GDF SUEZ SA is exposed to currency risk chiefly on commercial transactions involving the purchase and sale of gas, since several gas purchase and sale contracts are indexed to the price of oil derivatives, mostly listed in US dollars.

The exposure to currency risk on these transactions is managed and monitored as follows:

- pass-through mechanisms are applied in determining (i) sale prices for eligible customers, and (ii) regulated rates;
- the margin on fixed-price sale contracts or contracts indexed by financial swaps is hedged.

There is a time lag between the impact of fluctuations in the US dollar on procurement costs and their repercussion onto sales prices, reflecting mainly the effect of rolling averages and the inventory stocking/run-down cycle.

To manage its exposure to fluctuations in exchange rates, GDF SUEZ SA uses forward currency purchase or sale contracts to hedge its gas purchases and its financing activities.

At December 31, 2009, commitments under these contracts were as follows:

Forward contracts *In millions of euros*	Fixed portion of commitments at Dec. 31, 2009 – Maturity 2010	2011	2012 and beyond	Euro equivalent at Dec. 31, 2009	Exchange rate fluctuations at Dec. 31, 2009	Fixed portion of commitments at Dec. 31, 2008
LONG POSITIONS						
- GBP	360	-	1,413	1,775	2	1,040
- JPY	-	-	772	773	1	151
- NOK	3	-	-	3	-	63
- USD	1,742	808	373	2,937	14	1,369
- EUR	7	1	-	8	-	8
- CHF	-	-	639	637	(2)	406
SHORT POSITIONS						
- CAD	64	-	-	66	(2)	63
- GBP	145	-	-	144	1	3
- NOK	1,388	-	-	1,402	(14)	981
- USD	218	21	18	252	5	307
- EUR	7	1	-	8	-	8
- TRY	-	-	-	-	-	181

To limit the impact of translation risk on certain amounts receivable from equity investments and on future foreign currency purchases, and to hedge the net asset risk arising on consolidation, GDF SUEZ SA has taken new positions or reinforced existing positions in forward currency transactions that allow it to cancel out or minimize translation adjustments on deposits and loans or other future operations.

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Other financial commitments given

In millions of euros	Total at Dec. 31, 2009	Maturity		
		End-2010	Between 2011 and 2014	2015 and beyond
MARKET-RELATED COMMITMENTS				
Performance and other guarantees	1,558	144	1	1,413
Performance and other guarantees given on behalf of subsidiaries	383	237	47	99
FINANCING COMMITMENTS				
Personal sureties given	3,556	1,271	1,103	1,182
Guarantees and endorsements given to subsidiaries	986	45	-	941
Collateral given	-	-	-	-
Credit lines	344	160	2	182
OTHER COMMITMENTS GIVEN				
Contractual guarantees for sales of businesses	2,380	-	1,979	401
Operating lease commitments	827	96	351	380
Finance lease commitments	39	7	25	7
Commitments relating to LNG tankers	657	74	236	347
	10,730	**2,034**	**3,744**	**4,952**

Personal sureties relate mainly to:

- debt issued and commitments given by GIE GDF SUEZ Alliance to members of the GIE, excluding GDF SUEZ SA. GDF SUEZ SA has stood surety for each member in the event they receive a call for funds above and beyond their share in the GIE. Each member's responsibility for the payment of its share is recorded in commitments received;
- the balance relates to payment guarantees granted to counterparties of GDF SUEZ SA.

Guarantees and endorsements to subsidiaries correspond to payment guarantees granted by GDF SUEZ SA to third parties on behalf of its subsidiaries.

Commitments given with regard to credit lines relate mainly to credit lines granted to GDF SUEZ SA subsidiaries.

Contractual guarantees for sales of businesses relate mainly to commitments given on the disposals of Nalco and SUEZ-Tractebel:

- for Nalco, GDF SUEZ SA is counter-guarantor in the event of default by the sellers, Léo Holding and Nalco International SAS;
- for SUEZ-Tractebel, the sale is accompanied by a vendor's warranty for a maximum amount of €1,500 million, expiring in March 2013 at the latest.

Operating lease commitments relate to the present value of rent payments outstanding through to maturity of the property leases within the scope of GDF SUEZ SA's operations. As certain property rental expenses are rebilled to Group subsidiaries, the corresponding commitments are shown in commitments received.

Finance lease commitments are detailed in Note 3.

Commitments relating to LNG tankers concern freight contracts.

Other commitments have been given in respect of performance and completion guarantees:

- to Naperville Property Trust (acting on behalf of NCC Solar Company), banks and investors. These guarantees cover all payment obligations, notably for outstanding rent (€140 million) under the lease agreement for the premises occupied by Nalco, an entity based in Naperville which was sold in 2003 and whose head office is still in Naperville. The lease was taken over by Léo Holding following the sale of Nalco. GDF SUEZ SA received an equivalent counter-guarantee from Ondeo Nalco, which remains liable to the Group and the lessor for all obligations under the lease;
- to the Hong Kong authorities, in respect of contracts awarded to Sita (now SUEZ Environnement), which counter-guaranteed GDF SUEZ SA for the same amounts. These contracts relate to:
  - the operation of the Nent landfill in partnership with Newworld and Guandong groups,
  - the operation of various landfill sites, including Went, NWNT and Pillar Point, initially in partnership with Swire Pacific Ltd. Since Swire Pacific sold its interest in its joint subsidiary in 2009 to SUEZ Environnement – which now owns the entire share capital of the venture – these guarantees were reissued by GDF SUEZ. However, if a guarantee is called on in respect of the period during which the subsidiary was under joint control, Swire has pledged an indemnity ensuring that ultimate responsibility is split 50/50 between the two groups;

- to Surrey County Council for a BOT contract awarded to SUEZ Environnement, which stood as guarantor for GDF SUEZ SA under the contract;
- to two Scottish companies, Ayr Environmental Services and Caledonian Environmental Services, for contracts for the construction of wastewater purification and sludge treatment plants awarded to the Degrémont SA/AMEC Capital Projects Ltd group of construction companies;
- to the Lord Mayor, Aldermen and Burgesses of Cork, in respect of a contract for the construction and operation of the Cork city wastewater purification plant awarded to a consortium comprising two of the Group's subsidiaries, Vinci subsidiary Dumez GTM, PJ Hegarty & Sons and Electrical & Pump Services. Each consortium member and Vinci agreed to counter-guarantee GDF SUEZ SA;
- to the Halifax Regional Municipality in respect of a contract for the construction of Halifax, Dartmouth and Herring Cove water treatment plants awarded to D&D Water Solutions Inc, a 50-50 joint venture owned by Degrémont Limited (a subsidiary of Degrémont) and Dexter (a subsidiary of Municipal Enterprises Limited). GDF SUEZ SA is acting as second-ranking guarantor and Degrémont as first-ranking guarantor for its share of the contract.
- in 2008, SUEZ Environnement undertook to counter-guarantee all of the guarantees given by GDF SUEZ SA (formerly SUEZ SA) for the Environment business that it had not yet counter-guaranteed;
- in connection with the Neptune project for the construction and operation of an offshore LNG regasification terminal off the coast of Boston, GDF SUEZ SA granted two unlimited guarantees regarding:
  - the fulfillment by Neptune LNG LLC (a special purpose entity created by SUEZ Energy International) of its obligations under the Oil Pollution Act of 1990,
  - in connection with Neptune LNG LLC's obligations under its Deepwater Port License. This was given to the US Department of Transportation Maritime Administration to guarantee the operating company's compliance with the terms and conditions of the license and the applicable statutory framework;
- as part of the spin-off of water and wastewater activities in 2000, a performance guarantee was granted by GDF SUEZ SA in the context of its transfer of local public service franchise contracts to Lyonnaise des Eaux France. There are some 747 such contracts;
- GDF SUEZ SA has also undertaken to:
  - guarantee the consequences of any proceedings initiated against SUEZ-Tractebel subsidiary Ineo in connection with the fire at Crédit Lyonnais' head office,
  - indemnify GE Capital UIS for a period of ten years starting December 2002, for all legal and/or financial consequences resulting from a third party disputing its title to the premises at 16 rue de la Ville l'Evêque, Paris, France (which it acquired after taking over the leasing contract held by its subsidiary SSIMI), on condition that it exercises the call option granted by the lessor.

Other financial commitments received

In millions of euros	Total at Dec. 31, 2009	Maturity		
		End-2010	Between 2011 and 2014	2015 and beyond
MARKET-RELATED COMMITMENTS				
Guarantees received	-	-	-	-
FINANCING COMMITMENTS				
Undrawn credit facilities	5,449	1,915	3,352	182
Other financing commitments received	-	-	-	-
Other financing commitments received in relation to subsidiaries	9	9	-	-
OTHER COMMITMENTS RECEIVED				
Counter-guarantees for personal sureties	1,748	496	700	552
Counter-guarantees for trading commitments	-	-	-	-
Operating lease commitments	30	8	22	-
Finance lease commitments	39	7	25	7
Commitments relating to LNG tankers	527	46	193	288
	7,802	**2,481**	**4,292**	**1,029**

Since August 2002, GDF SUEZ SA has had access to a revolving line of credit for €2 billion. This amount was increased to €3 billion as from February 2005, maturing in 2012. The lending banks are able to opt out of the syndicate on an individual basis in the event of a change in the Company's controlling shareholder.

GDF SUEZ SA grants credit facilities to its subsidiaries. The undrawn amount of these facilities at December 31, 2009 was €242 million.

Counter-guarantees given on personal sureties concern guarantees received from members of GIE GDF SUEZ Alliance.

Securities commitments

At December 31, 2009, GDF SUEZ SA granted a put option to minority shareholders concerning 43.16% of La Compagnie du Vent. The option may be exercised in several phases starting in 2011.

Note 21 B Commodity-related commitments

Natural gas and electricity commitments

Gas supplies in Europe are based primarily on long-term "take-or-pay" contracts. These long-term commitments make it possible to finance costly production and transmission infrastructures. Under these contracts, the seller makes a long-term commitment to serve the buyer, subject to a commitment by the latter to buy minimum quantities regardless of whether or not it takes delivery of them. These commitments are combined with backup measures *(force majeure)* and flexible volume arrangements, making it possible to manage any uncertainties (primarily weather conditions) affecting demand as well as any technical contingencies that may arise.

These types of contracts can run up to 25 years and are used by GDF SUEZ SA to meet the demands of its customers for natural gas in the medium and long term.

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The contracts provide for reciprocal commitments regarding specified quantities of gas:

- a commitment by GDF SUEZ SA to purchase quantities of gas above a minimum threshold;
- a commitment by suppliers to provide these quantities at competitive prices.

The appeal of these contracts is provided by indexed price formulas and price adjustment mechanisms. GDF SUEZ SA makes the bulk of its purchases under such contracts.

At December 31, 2009, GDF SUEZ SA had commitments to purchase a minimum of 546 TWh the first year, 2,249 TWh between two and five years, and 6,407 TWh after five years.

GDF SUEZ SA also entered into forward purchases and sales of natural gas, primarily at maturities of less than one year, as part of its trading activities. These consist of purchases and sales on short-term markets and offers featuring engineered prices for industrial customers.

At December 31, 2009, commitments given by GDF SUEZ SA totaled 34 TWh under forward purchase contracts and 125 TWh under forward sale contracts.

To meet its commitments to take delivery of specified volumes, GDF SUEZ SA has entered into long-term contracts to reserve land and sea transmission capacities.

As part of its trading activities, GDF SUEZ SA has also entered into forward purchases and sales of electricity and has purchased electricity options. At December 31, 2009, commitments given by GDF SUEZ SA totaled 20 TWh under forward purchase contracts and 11 TWh under forward sale contracts. As part of its carbon dioxide brokerage activities, GDF SUEZ SA has also entered into the same volume of forward purchases and sales of carbon dioxide emissions allowances for 1 TWh.

Commodity derivatives

Commodity derivatives (natural gas, oil and electricity) consist mainly of swaps, futures and options set up to manage price risk within the scope of the trading activities of GDF SUEZ SA. These instruments are traded with third parties by the Company's specialized subsidiary, Gaselys.

These derivatives are contracted to manage risks arising on:

- price engineering transactions designed to meet the growing demand among customers for tight controls on gas and electricity price risk. These products are primarily intended to guarantee a commercial margin regardless of trends in the commodity indexes included in the prices offered to customers, even when they differ from the commodity indexes to which GDF SUEZ SA purchases are pegged. Options (calls and puts) are set up to guarantee maximum and minimum prices;
- measures taken to optimize procurement costs. Energy procurement costs, assets used in electricity production and reservations of available transmission and storage capacity not required to supply customers are systematically valued on the market.

The exposure to commodity price risk on these commercial transactions is managed and monitored as follows:

- pass-through mechanisms are applied in determining (i) sale prices for eligible customers, and (ii) regulated rates;
- the margin on fixed-price sale contracts or contracts indexed by financial swaps is hedged.

There is a time lag between the impact of changes in commodity prices on procurement costs and their repercussion onto sales prices, reflecting mainly the effect of rolling averages and the inventory stocking/run-down cycle.

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	Notional amount at Dec. 31, 2009				Fair value at Dec. 31, 2009	Notional amount at Dec. 31, 2008
	In GWh by maturity			In millions of euros	In millions of euros	In GWh
	x < 1 year	1 year < x < 2 years	x > 2 years			
SWAPS (LONG POSITIONS)						
Natural gas	23,508	7,976	2,889	(254)	(194)	21,674
Oil-based products	256,294	92,493	22,023	9,255	(478)	424,140
SWAPS (SHORT POSITIONS)						
Natural gas	36,470	11,826	1,107	1,016	262	43,805
Oil-based products	135,144	80,952	9,648	5,728	377	258,882
Electricity	-	-	-	-	-	835
CER EUA – CO_2	150	150	250	2	1	-
OPTIONS (LONG POSITIONS)						
Natural gas	-	-	-	-	-	2,188
Oil-based products	6,489	366	67	26	4	2,287
Electricity	-	-	-	-	-	59
OPTIONS (SHORT POSITIONS)						
Natural gas	673	673	1,178	-	(2)	219
Oil-based products	7,137	1,798	5,489	42	(17)	730
Electricity	-	-	-	-	-	390

Note 21 C Energy savings certificates

Planning Act No. 2005-781 of July 13, 2005 laying down the key areas of French energy policy introduced energy savings certificates as from July 1, 2006. This system requires suppliers of energy to meet certain energy savings targets imposed by public authorities over a given period. Energy suppliers are free to decide the way in which they discharge these obligations.

For the period from July 1, 2006 to June 30, 2009, GDF SUEZ SA was required to achieve energy savings of 13,424,901,016 kWh cumac*, including 4,484,308,531 for 2007/2008 and 4,452,139,344 for 2008/2009. GDF SUEZ SA had met these targets at June 30, 2009.

The energy savings requirement for the period from July 1, 2009 to June 30, 2014 is not yet known. Companies' energy savings obligations in fact depend on the "national commitment for the environment" bill, also known as Grenelle II. The bill was approved by the Senate on October 8, 2009 and will be debated in Parliament at the beginning of 2010. Implementing decrees are expected to follow.

Note 21 D Insurance of eligible risks

GDF SUEZ SA systematically transfers all material risks based on an identification of risks eligible for insurance – particularly relating to Company assets and damages caused to third parties. Insurance policies offer extensive coverage in order to limit the financial impact of any claims on the Group's accounts.

To ensure a consistent approach, insurance policies are managed at Group level. As a result, new projects developed by subsidiaries can be incorporated within existing policies to enable the parent company to fully assume its role for its majority-owned subsidiaries.

* *Cumulative, discounted KWh.*

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Note 21 E Legal and arbitration proceedings

Competition and industry concentration

On May 22, 2008, the European Commission announced its decision to commence formal proceedings against Gaz de France for a suspected breach of EU rules on abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term reservation of transport capacity and a network of import agreements and potential underinvestment in transport and import infrastructure capacity. On June 22, 2009, the Commission sent GDF SUEZ SA and its subsidiaries GRTgaz and Elengy a preliminary assessment notice in which it stated that GDF SUEZ might have abused its dominant market position in the gas sector by foreclosing competitors from gas import capacity in France. On June 24, 2009, GDF SUEZ SA, GRTgaz and Elengy made certain commitments in response to the preliminary assessment notice, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed GDF SUEZ SA, GRTgaz and Elengy of how third parties had responded. On October 21, 2009, GDF SUEZ SA, GRTgaz and Elengy filed amended commitments aimed at facilitating access to and competition on the French natural gas market. The Commission announced on December 3, 2009 that it had decided to make these commitments binding. This decision marks the end of the proceedings initiated in May 2008.

On June 11, 2008, Gaz de France received a statement of objections from the Commission in which it voices its suspicions of collusion with E.ON resulting in the restriction of competition on their respective markets, regarding, in particular, natural gas supplies transported via the Megal pipeline. GDF SUEZ SA filed observations in reply on September 8, 2008 and a hearing took place on October 14, 2008. On July 8, 2009, the Commission fined GDF SUEZ SA and E.ON €553 million each for agreeing not to compete against each other in their respective markets. The Commission considered that these restrictive business practices, which ended in 2005, had begun in 1975 when the agreements relating to the Megal pipeline were signed and GDF SUEZ SA and E.ON had agreed not to supply gas transported via the Megal pipeline to customers in their respective markets.

GDF SUEZ filed an application to set aside this decision with the European Court on September 18, 2009.

Argentina

SUEZ and certain other shareholders of water distribution and treatment concession operators in the greater Buenos Aires area (Aguas Argentinas in Buenos Aires, Aguas Provinciales de Santa Fe in Rosario and Aguas Cordobesas in Cordoba) launched arbitration proceedings against the Argentine state in 2003 before the International Centre for Settlement of Investment Disputes (ICSID) pursuant to the Franco-Argentine Bilateral Investment Protection Treaties. The aim of these proceedings is to obtain compensation for the loss in value of investments made since the start of the concession, due to measures taken by the Argentine state following the adoption of the Emergency Act in 2002, which froze tariffs under concession contracts.

The arbitration proceedings are still underway, except those relating to Aguas Cordobesas. SUEZ sold its controlling interest in Aguas Cordobesas to the private Argentine group Roggio in 2006 and its residual 5% interest to SUEZ Environnement upon the listing of the latter. The arbitral awards initially expected in 2009 should be made public during the first quarter of 2010.

Alongside the arbitration proceedings, the concession operators have instituted proceedings before the Argentine courts against the decisions by the authorities to terminate the concession contracts which led to the court-protected restructuring of Aguas Argentinas and the voluntary liquidation of Aguas Provinciales de Santa Fe. These proceedings are still ongoing.

Banco de Galicia, a minority shareholder of Aguas Argentinas, which was excluded from the arbitration proceedings, has withdrawn the action it initiated for abuse of majority shareholder power following the buy-back by GDF SUEZ of its interests in Aguas Argentinas and Aguas Provinciales de Santa Fe. The claim filed by Aguas Lenders Recovery Group in order to obtain the payment by SUEZ, Agbar and AYSA of USD 130 million owed by Aguas Argentinas to unsecured lenders, has also been withdrawn.

For the record, prior to the merger of SUEZ and Gaz de France and the stock market listing of SUEZ Environnement Company, SUEZ and SUEZ Environnement entered into an agreement providing for the economic transfer to SUEZ Environnement of the rights and obligations relating to the ownership interest held by SUEZ in Aguas Argentinas and Aguas Provinciales de Santa Fe.

Squeeze-out bid for Electrabel shares

On July 10, 2007, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal against SUEZ and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. By decision dated December 1, 2008, the Court of Appeal ruled that the claim was unfounded.

Deminor and others appealed the decision before the Court of Cassation on May 22, 2009. These appeal proceedings are still ongoing.

Messrs Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application was invalid. A new application was filed, without Electrabel and the Belgian Banking, Financial and Insurance Commission being joined as parties to the proceedings. The case was heard on October 21, 2008 and judgment was reserved. A new hearing was scheduled for September 22, 2009. By decision handed down on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

NOTE 22 PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

OVERVIEW OF OBLIGATIONS

In millions of euros	Dec. 31, 2009	Dec. 31, 2008
PENSIONS	**1,651**	**1,552**
• EGI sector scheme	1,401	1,311
• Other schemes	250	241
OTHER RETIREMENT AND POST-EMPLOYMENT BENEFITS	**296**	**282**
• Reduced energy and water prices	176	179
• End-of-career indemnities	60	46
• Immediate bereavement benefits	23	21
• Other schemes	37	36
OTHER EMPLOYEE BENEFIT OBLIGATIONS	**83**	**81**
• Disability benefits and other	77	74
• Long-service awards	6	7
TOTAL	2,030	1,915

Note 22 A Pensions

The main defined-benefit plans operated by GDF SUEZ SA comprise:

- pensions falling within the scope of the special scheme for Electricity and Gas utilities ("EGI");
- pension plans taken over following the merger of SUEZ SA into GDF SUEZ SA:
  - the 1953 supplementary pension plan, closed since December 31, 1988,
  - plans operated by the former Compagnie de SUEZ (annuity schemes based on end-of-career salaries),
  - supplementary pension plans for senior managers operated by all water companies (annuity schemes based on end-of-career salaries).

Pension plan for electricity and gas utilities

Since January 1, 2005, the *Caisse Nationale des Industries Electriques et Gazières* (CNIEG) has operated the pension, disability, life, occupational accident and occupational illness benefit plans for EGI sector companies. The CNIEG is a private welfare body placed under the joint responsibility of the ministries in charge of social security, budget and energy. Salaried employees and retirees of EGI sector companies have been fully affiliated to the CNIEG since January 1, 2005. The conditions for calculating benefit entitlement under the EGI scheme are set out in the national statute for EGI sector employees (decree of June 22, 1946) and determined by the government. By law, companies cannot amend any of these conditions.

Act No. 2004-803 of August 9, 2004 (concerning electricity and gas public services and electricity and gas utilities) and its implementing decrees allocated specific benefits already vested at December 31, 2004 ("past specific benefits") between the various EGI entities. For each entity, the law also distinguished between (i) benefits related to gas and electricity transmission and distribution businesses ("regulated past specific benefits"), and (ii) benefits related to other activities ("unregulated past specific benefits"). Specific rights under the special pension plan applicable to EGI companies are on top of the standard benefits payable under ordinary law.

Regulated past specific benefits are funded by the levy on gas and electricity transmission and distribution services *(Contribution Tarifaire d'Acheminement)*, and therefore no longer represent an obligation for the GDF SUEZ Group.

Unregulated past specific benefits are funded by EGI sector entities to the extent defined by decree no. 2005-322 of April 5, 2005. For GDF SUEZ SA, this funding obligation represents 3.25% of the past specific benefit obligations of all EGI sector companies.

The specific benefits vested under the plan since January 1, 2005 will be wholly financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured by total payroll costs.

1. Financial obligations of GDF SUEZ SA as from January 1, 2005

Pursuant to the Act of August 9, 2004 on electricity and gas public services and electricity and gas utilities, as from January 1, 2005 GDF SUEZ SA has the following financial obligations:

- to pay the CNIEG its share of the contributions due under statutory pension plans. These contributions are then paid over by the CNIEG to the CNAV and to the mandatory supplementary pension schemes AGIRC and ARRCO;
- to pay the CNIEG its contribution to financing the benefits paid in excess of rights under statutory pension plans not funded by the CTA levy;
- to pay the CNIEG its share in exceptional flat-rate contributions in full and final discharge of its liabilities due to the CNAV, AGIRC and ARRCO and not financed by the CTA levy;
- to pay the CNIEG its share of the administrative expenses incurred by the CNIEG as well as compensation with respect to other statutory pension schemes and benefits relating to disability, death, work accidents and occupational illnesses;
- as a gas and electricity supplier (and carrier, where applicable), to collect and pay over to the CNIEG the CTA levies.

2. Reform of public sector pensions with effect from July 1, 2008

In accordance with the "Guidance Document on the Reform of Special Pension Plans" published by the French Ministry for Labor, Social Affairs and Solidarity on October 10, 2007, the special pension scheme for electricity and gas utilities was amended by decree no. 2008-69 of January 22, 2008. Following a transitional phase, the decree brings the pension scheme for these utilities into line with standard public sector pensions.

Decree no. 2008-627 of June 27, 2008 on the pension and disability scheme for employees of electricity and gas utilities amends Appendix 3 of the national statute for EGI sector employees. The decree reiterates the core principles of the pension reform enshrined in the decree of January 22, 2008 and lays down the basis for the new rules governing the special EGI scheme since July 1, 2008.

The decree introduces changes regarding the rights of family members and spouses, minimum pension payments, and disability considerations resulting from negotiations which took place after the decree had been published on January 22, 2008 between electricity and gas sector employers and trade unions.

This decree is supplemented by decree no. 2008-653 of July 2, 2008 which updates various provisions of the EGI statute.

The amendments made to the existing scheme came into force on July 1, 2008 and chiefly concern:

- an extension of the period during which employees pay in contributions;
- introduction of a discount/premium mechanism;
- the methodology for recalculating pensions.

During the transitional phase, the period over which employees have to pay in contributions before they can retire on a full pension – previously set at 150 quarters – will rise gradually up to 160 quarters on December 1, 2012. The scheme will then evolve in line with standard public sector pensions.

Discounts will be gradually introduced for employees who have not completed the required pay-in period. The discount consists of applying a financial penalty to employees who have not paid in contributions over a sufficient period to qualify for a full pension. Conversely, a premium will be applied to employees who, under certain conditions, continue to work beyond 60 and have paid in contributions over more than 160 quarters.

Pensions and disability annuities will be recalculated as of January 1, 2009 on the basis of the retail price index (excluding tobacco).

As part of the pension reform and in accordance with the principles laid down by the pension reform guide, a first agreement was signed on January 29, 2008 for EGI sector companies. The agreement provides for the revaluation of the basic national salary for 2008 applicable to active and retired employees, modification of salary bands and changes in end-of-career indemnities.

The impacts of the reform affecting GDF SUEZ SA differ according to the sector to which employees belong (regulated/deregulated) and the vesting period for the rights concerned.

The overall impact of pension reform and the support measures was a reduction of €30 million in pension obligations under the EGI scheme.

Overview of the CTA levy

Article 18 of Act No. 2004-803 of August 9, 2004 concerning electricity and gas public services and electricity and gas utilities defines the specific benefits of the EGI sector pension scheme covered in the pension financing reform as benefits received in excess of those granted under the "basic" statutory pension system, based on the benefits that would have been accrued under these plans if both employers and employees had always contributed to them.

These specific benefits evolve over time, notably in respect of the pay policies of companies in the sector and any reforms concerning access to benefits under the statutory pensions plan or the special EGI pension plan.

The Act of August 9, 2004 introduced a surcharge on natural gas transmission and distribution services (the CTA levy) designed to fund the specific pension benefits accruing to current employees in the EGI sector ("regulated past specific benefits") and vested at December 31, 2004. The funding of these benefits is no longer incumbent on the GDF SUEZ Group, except for modifications caused by changes in the system after December 31, 2004 that increase the level of such benefits and result from changes in the classification of employees or in the regulations governing post-employment entitlements under EGI plans.

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As no implementing decree has been enacted for the abovementioned law, the interpretation of GDF SUEZ SA is that the notion of a modification can be assessed based on the net balance of the core reform and all of the support measures taken together, and that in principle, the CTA levy will fund the support measures to the extent, net of the impacts of the reform, that they do not increase regulated past specific benefits.

The latest support measures negotiated led to a slight €26 million net increase in the vested benefit obligation at December 31, 2004 and could therefore continue to represent a charge for the Group. Out of prudence, at December 31, 2008 GDF SUEZ SA had maintained in its accounts a provision covering the risk that it would have to finance more than the net balance of the reform and the support measures described above.

New information available in 2009 and expert advice confirmed GDF SUEZ SA's overall analysis of the net impact of the 2008 pension reform and support measures. With respect to the funding by the CTA levy of the reform's impacts on regulated past specific benefits, an improved analysis led the Group to exclude strictly wage-based measures, resulting in a negative net balance. Consequently, the provision recorded at the end of the previous reporting period is no longer justified and was reversed during the period.

In light of the CTA mechanism, no obligations in respect of past benefits existing at December 31, 2004 were transferred to GRTgaz or GrDF at the time the subsidiaries were created to manage the transmission and distribution networks. As no implementing decree has been enacted in respect of the abovementioned law stating that GRTgaz and GrDF must bear the cost of any modifications, GDF SUEZ SA considers that the related risk remains unchanged.

Calculation of pension obligations

In accordance with CNC Recommendation No. 2003-R.01 of April 1, 2003, GDF SUEZ SA calculates its pension obligations using a yield-to-maturity method. The method used is known as the projected unit credit method and is based on assumptions regarding:

- end-of-career salaries (based on seniority, salaries and career promotions);
- retirement age, based on specific criteria applicable to EGI sector employees (length of service, number of children for female employees);
- changes in the population of retired employees, based on mortality tables drawn up by INSEE and an employee turnover rate based on behavioral statistics for EGI sector employees;
- payments of benefits to surviving spouses, based on the life expectancy of employees and their spouses, and the percentage of married employees among EGI sector personnel.

The obligations are calculated as follows:

- based on the rights vested at the measurement date, under both the EGI scheme and statutory pension schemes;
- for all active and retired employees in the EGI sector, and all employees and eligible beneficiaries for former SUEZ plans;
- including contributions to CNIEG administrative expenses.

The discount rate used at December 31, 2009 was 4.9% (5.2% at December 31, 2008).

Obligations resulting from the reform of the EGI pension scheme

At December 31, 2009, the total obligations of GDF SUEZ SA in respect of EGI sector employees, net of CTA funding where appropriate and before the tax impact, were as follows:

In millions of euros	
Pension obligations	1,317
+ Obligations resulting from the review clause (AGIRC and ARRCO)	36
+ Obligations in respect of administrative expenses due to the CNIEG	48
TOTAL OBLIGATIONS AT DECEMBER 31, 2009	**1,401**

Note 22 B Other employee benefit obligations

Benefits payable to active and retired employees of EGI sector companies (excluding pensions) are described below:

- Long-term benefits:
  - allowances for occupational accidents and illnesses,
  - temporary and permanent disability allowances,
  - long-service awards;
- Post-employment benefits:
  - reduced energy prices,
  - end-of-career indemnities,
  - bonus leave,
  - immediate bereavement benefits,
  - partial reimbursement of educational expenses.

Employees of the former SUEZ SA entity are also entitled to long-service awards. Retired employees of SUEZ SA are eligible for post-employment benefits consisting of a cash contribution to the costs of their water supply and complementary healthcare insurance.

The discount rate used to calculate these obligations varies according to when they fall due. The discount rate used to calculate post-employment benefit obligations was 4.9% at December 31, 2009 and 5.2% at December 31, 2008. The discount rate used to calculate other commitments was 4.6% at end-2009 and 4.7% at end-2008.

1. Allowances for occupational accidents and illnesses

Like other employees under the standard pension scheme, EGI sector employees are entitled to compensation for accidents at work and other occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

2. Reduced energy prices

Under Article 28 of the national statute for electricity and gas industry personnel, all current and former employees are entitled to benefits in kind which take the form of energy granted at “employee rates”. This benefit entitles employees to electricity and gas supplies at a reduced price. For the retirement phase, this represents a post-employment defined benefit which is recognized over the period during which the employee services are rendered.

The amount of the GDF SUEZ SA obligation regarding gas supplied to GDF SUEZ SA employees within the EGI sector and to EDF employees corresponds to the likely present value of the power (KWh) supplied to the employees during the retirement phase, assessed based on the unit cost of the energy.

The amount of the obligation also takes account of the price of the energy exchange agreement with EDF. In accordance with the financial agreements signed with EDF in 1951, in return for EDF supplying the Group’s EGI sector employees with electricity at preferential rates, GDF SUEZ SA supplies gas to EDF’s employees at preferential rates by means of a balancing contribution. The obligation resulting from this energy exchange agreement represents the likely present value of the components of the balancing contribution allocated to GDF SUEZ SA employees during the retirement phase.

Retirees must have accumulated at least 15 years’ service in EGI sector companies to be eligible for the reduced energy price scheme.

3. End-of-career indemnities

Further to the reform of EGI pensions as of July 1, 2008, retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length-of-service within the utilities.

The obligation resulting from end-of-career indemnities is calculated using the projected unit credit method.

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Note 22 C Change in the present value of benefit obligations

	EGI sector scheme		Other schemes		Other post-employment benefits		Long-term benefits		Total	
In millions of euros	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Present value of benefit obligation at January 1	**1,311**	**1,347**	**241**	**-**	**282**	**276**	**82**	**84**	**1,916**	**1,707**
Impacts of the merger and of new subsidiaries	-	(20)	-	228	-	(6)	-	(9)	-	193
Past service cost: plan amendments	-	(30)	-	-	-	(2)	-	4	-	(28)
Service cost	31	32	6	8	6	5	6	7	49	52
Interest cost	68	64	12	12	15	13	4	4	99	93
Actuarial gains and losses on the obligation	51	(22)	6	6	3	9	1	-	61	(7)
Benefits paid under all schemes (funded and unfunded)(1)	(60)	(60)	(13)	(13)	(21)	(13)	(10)	(8)	(104)	(94)
Other(2)	-	-	(2)	-	11	-	-	-	9	-
Present value of benefit obligation at December 31	**1,401**	**1,311**	**250**	**241**	**296**	**282**	**83**	**82**	**2,030**	**1,916**

(1) Benefits paid under all pension schemes are recognized in the income statement, with the exception of employee benefit obligations in respect of which a provision has been set aside, where the year-on-year change is taken to income in full (see Note 22 D). The aggregate impact on income of benefits paid and changes in the benefit obligation totaled €199 million in 2009 versus €59 million in 2008.

(2) In accordance with IAS 19, past service cost relating to unvested rights following the pension reform and corresponding support measures have been included in the balance of the benefit obligation at December 31, 2009.

Note 22 D Provisions

GDF SUEZ SA sets aside provisions in respect of allowances for occupational accidents and illnesses, and temporary and permanent disability benefits for active employees at year-end, as well as for benefits due during employees' active working lives (long-service awards and end-of-career additional vacation entitlement). The balance sheet of GDF SUEZ SA also includes a pension provision in liabilities totaling €67 million at December 31, 2009, after taking into account an €81 million write-back from the provision (see Note 22 A).

This provision includes the provisions for pensions and other employee benefit obligations carried by SUEZ SA at the time of the merger in 2008. These provisions are written back as and when the corresponding liabilities for which they had been set aside at December 31, 2007 are extinguished. No further amounts are set aside to these provisions in respect of rights newly vested by employees or the unwinding of discounting adjustments. At December 31, 2009, the corresponding provisions amounted to €32 million for pensions (included in the €67 million provision, which also includes €35 million in provisions for EGI sector pensions) and €21 million for post-employment benefits.

At December 31, 2009, GDF SUEZ SA had set aside provisions totaling €177 million (€272 million in 2008).

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Changes in provisions for employee benefit obligations

In millions of euros	Pensions 2009	Pensions 2008	Allowances for occupational accidents and illnesses, temporary and permanent disability benefits 2009	Allowances for occupational accidents and illnesses, temporary and permanent disability benefits 2008	Other[(1)] 2009	Other[(1)] 2008	Total 2009	Total 2008
Present value of benefit obligation at January 1 (provisioned)	**159**	**137**	**66**	**73**	**47**	**26**	**272**	**236**
Impacts of the merger and of new subsidiaries	-	48	-	(10)	-	22	-	60
Service cost	-	-	5	5	1	1	6	6
Interest cost	-	-	3	3	1	1	4	4
Actuarial gains and losses on the obligation	-	-	2	-	(1)	(1)	1	(1)
Benefits paid under all schemes (funded and unfunded)	(11)	(5)	(8)	(7)	(6)	(3)	(25)	(15)
Other	(81)	(21)	-	-	-	-	(81)	(21)
Plan amendments	-	-	-	2	-	1	-	3
Present value of benefit obligation at December 31 (provisioned)	**67**	**159**	**68**	**66**	**42**	**47**	**177**	**272**

(1) Bonus leave, long-service awards, and complementary healthcare insurance available to retirees of the former SUEZ group.

Note 22 E Insurance contracts

GDF SUEZ SA has taken out insurance contracts with several insurance firms to cover its obligations in respect of pensions and end-of-career indemnities. An amount of €4 million was paid to these insurance firms in 2009.

The value of these contracts stood at €1,772 million at December 31, 2009 (€1,668 million at December 31, 2008).

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Note 22 F Change in the fair value of plan assets

	Pensions		Other post-employment benefits	
In millions of euros	2009	2008	2009	2008
Fair value of plan assets at January 1	1,636	1,700	32	45
Impacts of the merger and of new subsidiaries		166		(4)
Expected return on plan assets	57	97	1	2
Premiums net of handling fees[1]	4	6	-	-
Actuarial gains and losses on plan assets	115	(260)	2	(8)
Benefits paid by plan assets[1]	(74)	(73)	(1)	(3)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	1,738	1,636	34	32

(1) Only insurance premiums and benefits reimbursed by plan assets were recognized in income. The net balance reflects net income of €71 million in 2009 and €70 million in 2008.

Return on plan assets

	Pensions				Other post-employment benefits	
	2009		2008			
	EGI sector scheme	Other schemes	EGI sector scheme	Other schemes	2009	2008
Actual return on plan assets	+10.7%	Between +4.40% and +8.94%	(9.70)%	Between +4% and +4.7%	+13.9%	(13.70)%

Pension plans other than the EGI sector scheme are funded by separate plan assets on which aggregate actual returns over the period were between 4.40% and 8.94%.

The expected return on plan assets for 2009 is 3.29% in respect of pensions and 4.14% in respect of other obligations.

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The allocation of plan assets by principal asset category can be analyzed as follows:

	Dec. 31, 2009		Dec. 31, 2008	
	EGI sector scheme	Other schemes	EGI sector scheme	Other schemes
Equities	33%	10%	26%	12%
Bonds	42%	81%	46%	81%
Other (including money market securities)	25%	9%	28%	7%
TOTAL	100%	100%	100%	100%

Collective life insurance policies contracted with insurers to cover employee-related liabilities under the EGI sector scheme are unit-linked. These contracts are available to GDF SUEZ SA and the subsidiaries of the Group belonging to the "Group employee benefits management agreement". A small portion of these contracts may be invested in financial instruments issued by GDF SUEZ SA, namely equities.

Based on unit-linked contracts attributable to GDF SUEZ SA, the portion of plan assets invested in financial instruments issued by GDF SUEZ SA amounted to €11 million at December 31, 2009, representing less than 1% of the total value of the fund at that date. Plan assets are not invested in properties occupied by GDF SUEZ SA or in other assets used by GDF SUEZ SA.

NOTE 23 HEADCOUNT

At December 31, 2009, the breakdown for each category was as follows:

	Dec. 31, 2008	Change	Dec. 31, 2009
Operating staff	889	(54)	835
Senior technicians and supervisory staff	3,018	122	3,140
Managerial staff	3,661	101	3,762
TOTAL	7,568	169	7,737

The average number of employees was 7,456 in 2009 and 7,622 in 2008.

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NOTE 24 STATUTORY TRAINING ENTITLEMENT

Under Act No. 2004-391 of May 4, 2004 on vocational training, employees working under an indefinite-term employment contract governed by private law accrue a minimum of 20 hours' statutory training entitlement per year, cumulative over a period of six years. If at the end of the six-year period employees have not used all or part of their training entitlement, the entitlement is capped at 120 hours.

Pursuant to opinion 2004-F of the CNC's Emerging Issues Taskforce on accounting for the statutory training entitlement, no provisions were set aside at December 31, 2009 in respect of this obligation. At end-2009, GDF SUEZ SA employees had accrued a total of 744,431 unused training hours.

NOTE 25 EMPLOYEE PROFIT-SHARING

An employee profit-sharing agreement based on performance criteria has been set up in compliance with the legal conditions prescribed by Order 86-1134 of October 21, 1986.

Beneficiaries of the agreement may pay all or part of the amounts received under the profit-sharing scheme into savings plans operated by GDF SUEZ SA, rather than accessing the amounts immediately. In this case, the employer matches 100% of their contribution. These mechanisms are treated as personnel expenses.

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NOTE 26 INFORMATION CONCERNING RELATED OR ASSOCIATED COMPANIES AFFECTING SEVERAL BALANCE SHEET AND INCOME STATEMENT CAPTIONS

In millions of euros	Related companies	Associated companies
Equity investments	56,181	4
Amounts receivable from equity investments	7,691	8
Deposits and guarantees	12	-
Trade and other receivables	1,121	30
Current accounts with subsidiaries showing a credit balance	1,985	-
Other receivables	201	-
Miscellaneous borrowings and debt	2,290	-
Current accounts with subsidiaries showing a debit balance	7,016	-
Trade and other payables	1,400	25
Payable on fixed assets	900	-
Other liabilities	357	-
Revenues	4,341	130
Energy purchases and change in gas reserves	1,605	251
Other external charges	4,504	25
Other operating expenses	301	-
Other operating income	155	10
Other financial expenses	82	-
Other financial income	2,173	82

NOTE 27 SUBSIDIARIES AND INVESTMENTS

In millions of euros Name	Share capital as per latest available balance sheet	Other equity as per latest available balance sheet	% capital held at Dec. 31, 2009
A - Detailed information concerning subsidiaries and investments whose gross value exceeds 1% of GDF SUEZ SA capital (€22,609,763)			
1. SUBSIDIARIES (MORE THAN 50%-OWNED BY GDF SUEZ SA)			
Aguas Provinciales de Santa Fe[(1)] ARS	60	(74)	64.19
Cogac	1,433	8	100
Dumez	48	19	100
Electrabel	2,373	10,155	98.65
Elengy	106	383	100
GDF International	4,972	168	100
GDF SUEZ Communication	31	246	100
Genfina	1,750	(545)	100
GDF SUEZ Finance	139	nm	99.96
GIE GDF SUEZ Alliance	100	0	64.00
GrDF	1,800	6,688	100
GREAT	46	(3)	100
GRTgaz	500	2,821	100
La Compagnie du Vent	14	101	56.84
Ondeo	2,348	(667)	100
SI Finance	39	4	100
GDF SUEZ Energy Services	699	1,178	100
Société Foncière et Immobilière du Gaz (SFIG)	56	22	97.01
Sopranor	Nm	9	99.92
SSIMI	61	35	100
Storengy	1,044	909	100
2. EQUITY INVESTMENTS (10%-50%-OWNED BY GDF SUEZ SA)			
Aguas Argentinas[(1)] ARS	159	(244)	48.20
SUEZ Environnement Company	1,959	4,263	35.41
3. OTHER LONG-TERM INVESTMENTS (LESS THAN 10%-OWNED BY GDF SUEZ SA)			
B. Information concerning other subsidiaries and investments			
1. SUBSIDIARIES NOT INCLUDED IN SECTION A			
French companies			
Foreign companies[(1)]			
2. EQUITY INVESTMENTS NOT INCLUDED IN SECTION A			
French companies			
Foreign companies[(1)]			
TOTAL			

(1) Amounts in local currency (millions of units).

Transactions with related companies mainly involve loans, advances and changes in current accounts with subsidiaries.

Book value of shares held at Dec. 31, 2009							
Gross	Provision	Loans and advances granted by GDF SUEZ SA	Sureties and endorsements given by GDF SUEZ SA	Revenues for the latest available period	Net income (+) or loss (-) for latest available period	Dividends received by GDF SUEZ SA during the period	Year-end of last available period[2]
39	(39)				(92)	-	12/2008
1,434	-	121	-	-	97	25	12/2009
65	-	-	-	-	4	4	12/2009
27,131	-	-	-	14,140	1,072	-	12/2009
488	-	209	1	148	41	36	12/2009
4,972	-	346	-	3		887	12/2009
900	(616)	-	-	-	7	-	12/2009
2,627	(1,078)	-	-	-	(454)	-	12/2009
245	(41)	(6,336)	-	659	66	-	12/2009
62	-	-	-	-	(39)	-	12/2009
8,400	-	3,302	-	3,136	(46)	-	12/2009
49	(12)	2	-		(9)	-	12/2009
2,300	-	2,219	-	1,479	110	128	12/2009
424	-	-	-	23	(3)	-	12/2009
2,580	(893)	-	-	-	10	-	12/2009
121	(80)	21	-	-	(2)	12	12/2009
2,931	-	-	-	1,981	105	263	12/2009
57	-	2	2	93	2	2	12/2009
245	(240)	-	-	-	(4)	-	12/2009
96	-	-	-	-	(2)	35	12/2009
1,904	-	19	-	915	334	291	12/2009
57,070	**(2,999)**					**1,683**	
145	(145)				(238)		12/2008
2,180	-	-	-	4	612	113	12/2009
2,325	**(145)**					**113**	
54	(25)						
40	(13)						
3	-					64	
1	-					18	
59,493	**(3,182)**					**1,878**	

(2) Provisional, unaudited amounts.

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NOTE 28 COMPENSATION DUE TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

Total compensation (gross salary, bonuses, profit-sharing incentives, employer contributions and benefits in kind) paid to the Chairman and Chief Executive Officer, the Vice-Chairman and President, and members of the Executive Committee came to €22.1 million for 2009.

Members of the Board of Directors elected by the Shareholders' Meeting received €1.2 million in attendance fees for 2009.

NOTE 29 SUBSEQUENT EVENTS

No significant events occurred between December 31, 2009 and the date the financial statements were authorized for issue.

11.4.3 TOTAL AND PARTIAL TRANSFERS OF ASSETS, SUBSIDIARIES, AND EQUITY INVESTMENTS WITHIN OR OUTSIDE STATUTORY DISCLOSURE THRESHOLDS

Total and partial transfers of assets

In euros	% at Dec. 31, 2008	% at Dec. 31, 2009	Reclassification within the Group	Sale outside the Group	Net book value of shares held	Business sector
SUBSIDIARIES(1)						
None						
EQUITY INVESTMENTS(2)						
None						

(1) More than 50%-owned by GDF SUEZ SA.
(2) 10%-50%-owned by GDF SUEZ SA.

Total and partial purchases of assets

In euros	% at Dec. 31, 2008	% at Dec. 31, 2009	Reclassification within the Group	Acquisition outside the Group	Net book value of shares held	Business sector
SUBSIDIARIES(1)						
La Compagnie du Vent	0.00	56.84	X		423,702,814.68	Energy
Energonuclear	0.00	9.15		X	419,422.03	Energy
NNB Devolpment	0.00	50.00		X	10,750,584.11	Energy
EQUITY INVESTMENTS(2)						
None						

(1) More than 50%-owned by GDF SUEZ SA.
(2) 0%-50%-owned by GDF SUEZ SA.

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11.4.4 FIVE-YEAR FINANCIAL SUMMARY

	2009	2008	2007	2006	2005
CAPITAL AT YEAR-END					
Share capital *(in euros)*	2,260,976,267	2,193,643,820	983,871,988	983,871,988	983,871,988
Number of ordinary shares issued and outstanding	2,260,976,267	2,193,643,820	983,871,988	983,871,988	983,871,988
Maximum number of shares to be issued:					
• by converting bonds	-	-	-	-	-
• by exercising stock options	36,619,478	39,167,750	-	-	-
RESULTS OF OPERATIONS FOR THE YEAR *(in millions of euros)*					
Revenues excluding VAT	24,894	25,209	20,991	20,933	17,704
Income before tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	1,184	3,254	15,429	2,814	2,542
Income tax (- = benefit)	(200)	(617)	2,813	409	554
Employee profit-sharing and incentive payments for the year	0	0	-	-	-
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	2,261	2,767	11,611	1,785	1,234
Total dividends paid (including on treasury shares in 2009)	3,287[(2)]	4,729[(1)]	1,240	1,082	669
EARNINGS PER SHARE *(in euros)*					
Income after tax and employee profit-sharing but before depreciation, amortization, provisions and transfer of concession termination amortization	0.61	1.76	12.82	2.44	2.02
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	1.00	1.26	11.80	1.81	1.25
Dividend per share	1.47[(2)]	2.20[(1)]	1.26	1.10	0.68
HEADCOUNT					
Average number of employees during the year	7,456	7,622	20,970	21,780	21,943
Total payroll	498	485	914	892	862
Total employee benefit obligations paid (social security taxes and contributions to pension plans, welfare schemes, etc.)	309	335	470	493	573

(1) The Shareholders' Meeting of May 4, 2009 approved payment of an ordinary dividend of €1.40 per share and a special non-recurring dividend of €0.80 per share, payable in cash or in stock at shareholders' discretion. The dividend paid in cash by GDF SUEZ SA in respect of 2008 totaled €3,352 million. The equivalent euro value of the share dividend was €1,377 million.

(2) Amount subject to the approval of the Shareholders' Meeting convened to approve the financial statements.

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11.5 STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings of Shareholders, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying annual financial statements of GDF SUEZ;
- the justification of our assessments;
- the specific verification and information required by French law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used in the preparation of the financial statements for the year ended 31 December 2009 were made against a backdrop of high market volatility and an uncertain economic outlook, which makes it difficult to evaluate economic future. This context was already prevalent for the year ended 31 December 2008. It is in this context, and in accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, that we bring to your attention the following matters:

- As stated in Note A, equity investments which GDF SUEZ intends to hold on a long-term basis are written down if value falls below cost. As part as our assessment of significant estimates used to prepare the financial statements, we reviewed the data and the assumptions used to find the value in use and verified that Note A provides appropriate disclosure.
- Delivered unbilled natural gas ("gas in the meter") is calculated using a method factoring in average energy sale prices and historical consumption data. Our work consisted in assessing the methods and assumptions used to calculate these estimates and verifying that Note A provides appropriate disclosure.
- Notes A and C-22 relating to retirement plans and other commitments to employees describe the measurement and accounting method of the commitments resulting from the Electricity and Gas Industry retirement regime and the value of insurance policies taken out to meet these commitments. As part of our assessment of the significant estimates used to prepare the financial statements, we examined the bases and actuarial assumptions used to calculate these commitments, as well as the appropriate nature of the information disclosed by the Company in the aforementioned Notes, given that these commitments are only partially provisioned, in accordance with the option offered by French accounting principles.

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- Note C-21 relating to off-balance sheet commitments describes the commitments related to financial derivative instruments used by the Company as at 31 December 2009. With respect to the valuation of financial derivative instruments that are not listed on financial markets, the Group uses internal models representative of market practices. Our work consisted in examining the system for monitoring these models and assessing the data and assumptions used, including those applied to assess, in the context of the financial crisis, the counterparty risk taken into account to value financial derivative instruments. We also verified that Note C-21 provides appropriate disclosure.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris - La Défense, March 22, 2010

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

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PARTIES RESPONSIBLE

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12.1 PARTIES RESPONSIBLE FOR THE REFERENCE DOCUMENT

Gérard Mestrallet, Chairman and Chief Executive Officer

Jean-François Cirelli, Vice-Chairman and President

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12.2 DECLARATION BY THE PARTIES RESPONSIBLE FOR THE REFERENCE DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

"We hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Reference Document is, to our knowledge, in accordance with the facts and makes no omission likely to affect its import.

We certify, to our knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report, whose items are mentioned on pages 516 to 518 hereof, presents a fair review of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

We have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this Reference Document relating to the financial position and financial statements, and that they have read the Reference Document in its entirety. The letter does not contain any observations.

The Statutory Auditors' Report on the consolidated financial statements for the year ended December 31, 2009 presented in Section 11.2 of this Reference Document is set out in Section 11.3 and contains an observation relating to changes in accounting methods resulting from the implementation, as of January 1st, 2009, of new accounting standards and interpretations.

The Statutory Auditors' Report on the parent Company financial statements for the year ended December 31, 2009 presented in Section 11.4 of this Reference Document is set out in Section 11.5 and does not contain any observations.

The Statutory Auditors' report on the IFRS consolidated financial statements of Gaz de France for the year ended December 31, 2007 is presented in Section 20.1.1.2 of the 2007 Reference Document of Gaz de France, registered with the *Autorité des Marchés Financiers* (AMF) on May 15, 2008 under number R. 08-056.

The Statutory Auditors' report on the IFRS consolidated financial statements of SUEZ for the year ended December 31, 2007 is presented in Section 20.3 of the 2007 Reference Document of SUEZ, filed with the AMF on March 18, 2008 under number D. 08-0122.

The Statutory Auditors' report on the IFRS consolidated financial statements of GDF SUEZ for the year ended December 31, 2008 is presented in Section 20.3 of the 2008 GDF SUEZ Reference Document, filed with the AMF on April 6, 2009 under number D.09-197."

Vice-Chairman and President

Jean-François Cirelli

Chairman and Chief Executive Officer

Gérard Mestrallet

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APPENDIX A

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 3, 2010

AGENDA

A. Ordinary Shareholders' Meeting

- Board of Directors' report
- Statutory Auditors' reports
- Approval of transactions and the Company financial statements for the year ended December 31, 2009 ***(first resolution)***
- Approval of the consolidated financial statements for the year ended December 31, 2009 ***(second resolution)***
- Appropriation of net income and declaration of dividend for fiscal year 2009 ***(third resolution)***
- Approval of regulated agreements ***(fourth resolution)***
- Authorization to be given to the Board of Directors to trade in the Company's shares ***(fifth resolution)***

B. Extraordinary Shareholders' Meeting

- Board of Directors' report
- Statutory Auditors' reports
- Delegation of authority to be given to the Board of Directors to (i) issue common shares and/or common share equivalents of the Company and/or subsidiaries of the Company, and/or (ii) issue securities entitling the allocation of debt instruments, with maintenance of preferential subscription rights ***(sixth resolution)***
- Delegation of authority to be given to the Board of Directors to (i) issue common shares and/or any share equivalents of the Company and/or subsidiaries of the Company, and/or (ii) issue securities entitling the allocation of debt instruments, with cancellation of preferential subscription rights ***(seventh resolution)***
- Delegation of authority to be given to the Board of Directors to issue shares or other securities with cancellation of preferential subscription rights in the context of an offer governed by Article L. 411-2 II of the French Monetary and Financial Code ***(eighth resolution)***
- Delegation of authority to be given to the Board of Directors to increase the number of securities to be issued, with or without preferential subscription rights, in application of the sixth, seventh and eighth resolutions ***(ninth resolution)***
- Delegation of authority to be given to the Board of Directors to issue shares and/or other securities in consideration of contributions of securities made to the Company, within the limit of 10% of the share capital ***(tenth resolution)***
- Delegation of authority to be given to the Board of Directors to increase the share capital by issuing shares with cancellation of preferential subscription rights in favor of the Group employee savings plans members ***(eleventh resolution)***
- Delegation of authority to be given to the Board of Directors to increase the share capital, with cancellation of preferential subscription rights, in favor of any entities whose sole purpose is to subscribe, hold and dispose of GDF SUEZ shares or other financial instruments as part of the implementation of one of the Multiple plans under the GDF SUEZ Group's international employee shareholding plan ***(twelfth resolution)***
- Limit on the overall ceiling for immediate and/or future capital increases carried out under shareholder authorizations ***(thirteenth resolution)***
- Delegation of authority to be given to the Board of Directors to increase the share capital by capitalizing premiums, reserves, earnings or other accounting items ***(fourteenth resolution)***
- Authorization to be given to the Board of Directors to reduce the share capital by cancellation of treasury stock ***(fifteenth resolution)***
- Authorization to be given to the Board of Directors to grant options for the subscription or purchase of shares of the Company to employees and/or officers of the Company and/or Group companies ***(sixteenth resolution)***
- Authorization to be given to the Board of Directors to award shares to employees and/or officers of the Company and/or Group companies ***(seventeenth resolution)***
- Powers to implement the resolutions adopted by the Shareholders' Meeting and perform the related formalities ***(eighteenth resolution)***

BOARD OF DIRECTORS' REPORT ON THE RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 3, 2010

1. Board of Directors' Report on the resolutions presented to the Ordinary Shareholders' Meeting

Approval of transactions and the Company financial statements for the year ended December 31, 2009 (first resolution)

Under the 1st **resolution**, the shareholders are asked to approve the Parent Company Financial Statements for the year ended December 31, 2009.

Net income for 2009 amounts to €2,260,840,261.

Approval of the consolidated financial statements for the year ended December 31, 2009 (second resolution)

Under the 2nd **resolution**, the shareholders are asked to approve the consolidated financial statements for the year ended December 31, 2009, which show net income Group share of €4,477,323,000.

Appropriation of net income and declaration of dividend for fiscal year 2009 (third resolution)

The purpose of the 3rd **resolution** is to appropriate net income and declare the dividend for fiscal year 2009.

The balance sheet at December 31, 2009 shows net income of €2,260,840,261 and retained earnings of €16,711,431,594.

The shareholders are asked to appropriate net income for the period as follows:

	in euros
Net income for the fiscal year 2009:	2,260,840,261
Retained earnings at December 31, 2009:	16,711,431,594
Total amount available for distribution:	18,972,271,855
Dividend payout for 2009 (i.e., a net dividend of €1.47 per share)	3,287,384,637
Interim dividend paid on December 18, 2009 to be deducted from the dividend for fiscal year 2009: (i.e., a net dividend of €0.80 per share)	1,772,530,538
Remaining dividend payout for 2009 (i.e., a net dividend of €0.67 per share, after deducting the interim dividend payment):	1,514,854,099

The net dividend of €1.47 per share represents an increase of 5% compared to the ordinary dividend of €1.40 paid in 2009 for fiscal year 2008.

In accordance with Article 243 (bis) of the French Tax Code (Code général des impôts), the entire distribution is eligible for the 40% deduction available to individuals who are tax residents of France provided for in Article 158-3-2 of the French Tax Code.

The outstanding dividend will be declared on May 5, 2010 and will be paid in cash on May 10, 2010.

The total amount of the dividend is based on the number of existing GDF SUEZ shares on December 31, 2009, i.e., 2,260,976,267 shares. Consequently, on the date of the dividend payment, the dividend corresponding to the Company's treasury stock will be allocated to "Other Reserves".

Approval of regulated agreements (fourth resolution)

The Statutory Auditors' special report covers regulated agreements governed by Articles L. 225-38 et seq of the French Commercial Code.

This report is provided in Section 7.3.5 of the 2009 GDF SUEZ Reference Document.

The purpose of the 4th **resolution** is to submit to your approval, in accordance with Article L. 225-40 of the French Commercial Code, the transactions referred to in the Statutory Auditors' special report on the regulated agreements entered into by GDF SUEZ or that remained in force during fiscal year 2009.

Authorization to be given to the Board of Directors to trade in the Company's shares (fifth resolution)

Under the fifth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009, the shareholders authorized the Company to trade in its own shares under the following terms and conditions:

- maximum purchase price: €55 (excluding transaction costs);
- maximum shareholding: 10% of the share capital;
- aggregate amount of purchases: €12 billion.

The shareholders are reminded that under the liquidity agreement, between the Ordinary and Extraordinary Shareholders' Meetings of May 4, 2009 and December 31, 2009, the Company purchased 9,464,811 shares for a total of €271.3 million or €28.66 per share. Over the same period, GDF SUEZ sold 9,267,311 shares under the liquidity agreement for a total selling price of €266.9 million, or a price per share of €28.80 per share.

Between January 1, 2010 and February 28, 2010 the Company purchased 4,843,407 shares for a total of €136 million or €28.08 per share under the liquidity agreement and, under this same agreement, sold 5,040,907 shares for a total price of €143 million, or a price per share of €28.37 per share.

The authorization granted by the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 to trade in the Company's shares will expire in November 2010.

The purpose of the **5th resolution** is to ask the shareholders to renew the authorization granted to the Board of Directors to trade in the Company's shares, for a same period of **18 months** from the date of the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010. This authorization would deprive of effect, from that date, the authorization granted by the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009.

This resolution shall not apply during a public tender offer for the Company.

The proposed terms and conditions of the new authorization are as follows:

- maximum purchase price: €55 (excluding transaction costs);
- maximum shareholding:10% of the share capital;
- aggregate amount of purchases: €12 billion.

This authorization would enable the Board of Directors to purchase the Company's shares in order to:

- maintain a liquid market in the Company's shares through a liquidity agreement with an independent investment services provider that complies with the Code of Ethics recognized by the French Financial Markets Authority (*Autorité des Marches Financiers - AMF*); or
- cancel all or a portion of the repurchased shares; or
- award or sell them to employees or former employees or officers or former officers of the Company and/or companies that are or will be affiliated with it, in particular in relation to stock option plans, awards of existing shares, or corporate or inter-company employee savings plans; or
- hold them for subsequent remittance in exchange or payment in connection with external growth transactions, subject to a ceiling of 5% of the Company's share capital; or
- use them for allocation upon the exercise of the rights attached to issued securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company; or
- implement any other market practices authorized or to be authorized by market authorities.

2. Board of Directors' Report on the resolutions submitted to the Extraordinary Shareholders' Meeting

Delegations of Authority for Financial Transactions

The delegations of authority under the 6th, 7th, 8th, 9th and 10th resolutions are intended, as before, to allow the Board of Directors to act at the appropriate time, with speed and flexibility, on the various options for issuing financial instruments provided under current regulations in order to raise the funds necessary to execute the Company's development strategy by offering such instruments on the financial markets.

The Board would thus have the authority to issue shares and share equivalents, and securities entitling the allocation of debt instruments, in France and abroad, in euros or in foreign currency, in maintaining or canceling shareholders' preferential subscription rights, all depending on the opportunities offered by the financial markets and the interests of the Company and its shareholders. These new delegations of authority will cancel the delegations granted by previous Shareholders' Meetings which are due to expire.

Notwithstanding the Board of Directors' policy of preferring capital increases with maintenance of preferential subscription rights, special circumstances may arise where cancellation of preferential subscription rights is necessary and in the shareholders' interest. This is notably the case in providing for the option of offering equity interests or shares in consideration for capital contributions, as with a public exchange offer (PEO), or when the conditions of a PEO are not met, within the limit of 10% of the share capital (tenth resolution).

The shareholders are asked to renew these authorizations under the same terms and conditions and for a similar 26-month period in order to maintain the Board of Directors' flexibility to issue shares or securities on one or several occasions depending on prevailing market characteristics at the time of consideration. These new delegations of authority are in line with usual practices and recommendations in this area in terms of amount, ceiling and duration.

Furthermore, under the French government's Ordinance of January 22, 2009 amending the rules for public offerings, it would be possible to issue securities within the limit of 20% of the share capital per year, when such securities are reserved for qualified investors.

As previously, these delegations of authority pertain to the issue of shares and share equivalents within an overall ceiling of €310 million (the "Overall Ceiling") common to the 6th through 10th resolutions, as well as the 11th and 12th resolutions on employee shareholding detailed below, such that all use of the delegations of authority or authorizations granted under the above-mentioned resolutions shall count against this Overall Ceiling.

For the issue of securities representing debt obligations of the Company under the 6th through the 10th resolutions, the aggregate nominal amount of such debt instruments must not exceed €5 billion or the equivalent of this amount in another currency.

In the event of oversubscription of capital increases, with or without cancellation of preferential subscription rights, under the 6th, 7th, 8th, 9th and 10th resolutions, the 9th resolution provides that the number of shares to be issued may be increased under the conditions and limits provided by law, i.e., within 15% of the amount of the initial issue, within 30 days of the close of subscriptions, and at the same price as that set for the issue. Additional issues by application of the over-allotment clause shall count against the sub-ceiling corresponding to the nature of the transaction carried out following the initial issue.

Delegation of authority to be given to the Board of Directors to (i) issue common shares and/or common share equivalents of the Company and/or subsidiaries of the Company, and/or (ii) issue securities entitling the allocation of debt instruments, with maintenance of preferential subscription rights (sixth resolution)

The delegation of authority granted to the Board of Directors to issue common shares and/or share equivalents with maintenance of shareholders' preferential subscription rights, approved under the 13th resolution of the Shareholders' Meeting of July 16, 2008, will expire in September 2010.

The purpose of the **6th resolution** is to ask the shareholders to renew this authorization in order to provide the Board of Directors, as previously, with the flexibility to proceed as needed with the issues that are best suited to prevailing market opportunities.

This authorization covers the issue, with maintenance of preferential subscription rights, of common shares or share equivalents of the Company issued for consideration or free of charge, governed by Articles L. 228-91 et seq. of the French Commercial Code, or securities giving access, whether directly or ultimately, to the capital of a company in which it directly or indirectly owns more than half of the share capital. It would be renewed for a similar **26-month** period following the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010, and would deprive of effect, from that date and for the amount of any portion not used by the Board of Directors, any previous delegation of authority having the same purpose.

In the event of an issue of securities providing future access to new shares – such as bonds with equity warrants, convertible bonds, or stand-alone warrants – the approval of such issues by the Shareholders' Meeting would entail the waiver by shareholders of their preferential subscription rights to the shares which could be obtained from the securities initially issued. The shareholders' authorization would also include the power to issue securities entitling the allocation of shares outstanding in the Company, such as "OCEANE"-type convertible bonds (bonds convertible into new shares or exchangeable for existing shares).

The Board of Directors would have the authority, under the same conditions, to issue share equivalents of companies in which the Company directly or indirectly owns more than half of the share capital. Such issues would be subject to the approval of the Extraordinary Shareholders' Meeting of the relevant subsidiary.

This authorization would be renewed under the same conditions as before – i.e., a maximum nominal amount for capital increases that may be carried out immediately or at a later date under this authorization of €250 million, with the proviso that such issues would count against the Overall Ceiling of €310 million.

On this basis, the Board of Directors would be authorized to proceed with such issues on one or several occasions and in the best interests of the Company and its shareholders, and could, according to law, give its shareholders the opportunity to apply for excess shares or securities in proportion to their rights.

The Board of Directors would be authorized to issue equity warrants in the Company through subscription offer, as well as by awarding them to owners of old shares.

In each case, if subscriptions have not absorbed the entire issue, the Board of Directors may decide, in the order of its choosing and in accordance with the law, to limit the amount of subscriptions received, or to freely distribute all or a portion of the excess shares, or to offer the excess shares or securities to the public on the French market and/or, as applicable, abroad and/or on the international market.

This authorization would also allow the Board of Directors, under the conditions specified above, to issue securities giving access to debt instruments, within a maximum nominal amount of €5 billion.

Finally, the Board of Directors would have the authority to charge all costs of issuing securities under this resolution against the corresponding premiums resulting from the capital increases, and to deduct from such premiums the sums necessary to fund the legal reserve.

Delegation of authority to be given to the Board of Directors to (i) issue common shares and/or share equivalents of the Company and/or subsidiaries of the Company, and/or (ii) issue securities entitling the allocation of debt instruments, with cancellation of preferential subscription rights (seventh resolution)

The authorization given to the Board of Directors under the 14th resolution of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008 to issue shares or securities with cancellation of preferential subscriptions rights will expire in September 2010.

Under the **7th resolution**, the shareholders are asked to renew the authorization given to the Board of Directors to carry out transactions involving the issue, on one or several occasions and with cancellation of preferential subscription rights, of shares and share equivalents, whether immediately or at a later date, under the same conditions as those previously approved – i.e., within the limit of €250 million, with the proviso that this amount would count against the Overall Ceiling of €310 million, and under the same terms and conditions as those provided in the 6th resolution above, subject to the following specific criteria:

- the issue price of shares directly issued shall be at least equal to the minimum required by the regulations applicable at the date of issue or to the weighted average of the last three trading days on the NYSE Euronext Paris stock exchange before the launch of the issue, less the 5% discount provided by law, after adjusting the average, as needed, to reflect any difference between the dates of dividend entitlement. It is noted that for the issue of equity warrants, the amount received by the Company for the subscription of such warrants shall be included in this calculation;
- the issue price of share equivalents shall be such that the sum received immediately by the Company plus, where applicable, any sum it may receive at a later date, is at least equal to the minimum subscription price defined above for each share issued as a result of the issue of such securities;
- finally, the conversion, redemption, or in general, the transformation of all bonds convertible, redeemable or otherwise transformable into shares shall be carried out, based on the nominal value of the bond, in a number of shares such that the sum received by the Company is at least equal to the minimum subscription price defined above for each share issued.

On this basis, the Board of Directors would have the authority to determine the issue price of such securities (and, where applicable, the terms for remunerating debt instruments) in the best interests of the Company and its shareholders by taking into account all of the criteria in question.

Where subscriptions, including where applicable those of the shareholders, do not absorb the entire issue, the Board of Directors would be authorized to limit the amount of the transaction to the amount of subscriptions received, on condition that it totals at least three-quarters of the approved issue.

The Board of Directors may charge the cost of capital increases against the related premiums and deduct from such premiums the amounts necessary to fund the legal reserve.

Pursuant to Article L. 225-135 2nd paragraph of the French Commercial Code, the Board of Directors would have the discretion to grant to shareholders, for a period and on terms to be set thereby in compliance with the applicable laws and regulations and for some or all of any issue carried out, a priority subscription period which does not constitute a negotiable right and which must be exercised in proportion to the quantity of shares owned by each shareholder.

Approval by the Shareholders' Meeting would automatically entail the waiver by shareholders of their preferential subscription rights to the shares which could be obtained from the share equivalents.

The resolution would also allow the Board of Directors, under the conditions specified above, to issue securities giving access to debt instruments, within a maximum nominal amount of €5 billion.

This authorization would be renewed for a similar **26-month** period following the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010, and would deprive of effect, from that date and for the amount of any portion not used by the Board of Directors, any previous delegation of authority having the same purpose.

Delegation of authority to be given to the Board of Directors to issue shares or other securities with cancellation of preferential subscription rights in the context of an offer governed by Article L. 411-2 II of the French Monetary and Financial Code (eighth resolution)

Under the **8th resolution**, the shareholders are asked to grant the Board of Directors the authority to carry out financial transactions in the context of an offer governed by Article L. 411-2 II of the French Monetary and Financial Code – i.e., by private placement of shares or securities with qualified investors or a limited circle of investors, within the limit of 20% of the share capital per year. This authorization would be implemented under the same conditions and in the same manner as provided under the 7th resolution – i.e., it would allow the Board of Directors to issue, on one or several occasions and with cancellation of preferential subscription rights, shares and share equivalents, whether immediately or at a later date, within the limit of €250 million, and with the proviso that this amount would count against the Overall Ceiling of €310 million.

Delegation of authority to be given to the Board of Directors to increase the number of securities to be issued, with or without preferential subscription rights, in application of the sixth, seventh and eighth resolutions (ninth resolution)

As permitted by law, the **9th resolution** would allow the Board of Directors to decide, if it determines there is excess demand during a capital increase with or without preferential subscription rights approved under the 6th, 7th and 8th resolutions, to increase the number of shares to be issued at the same price as that set for the initial issue, within the applicable regulatory time limits and conditions.

This option would allow the Board of Directors, to meet the demand for an issue which exceeds the proposed amount, to issue additional shares within 15% of the amount of the initial issue, within 30 days of the close of subscriptions, and at the same price, while remaining within the maximum nominal amount provided under the 6th, 7th and 8th resolutions.

This resolution seeks to renew the previous authorization given to the Board of Directors under the 15th resolution of the Shareholders' Meeting of July 16, 2008, which will expire in September 2010. This authorization would be renewed for a similar **26-month** period following the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010 and would cancel, from that date, any previous delegation of authority having the same purpose.

Delegation of authority to be given to the Board of Directors to issue shares and/or other securities in consideration of contributions of securities to the Company, within the limit of 10% of the share capital (tenth resolution)

The authorization, given to the Board of Directors under the 16th resolution of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008, to issue shares or securities with cancellation of preferential subscriptions rights in consideration of contributions of securities made to the Company, will expire in September 2010.

In the **10th resolution**, the shareholders are asked to renew the delegation of authority previously granted to the Board of Directors to issue shares or other securities providing immediate or future access to the Company's share capital and within 10% thereof, on one or several occasions and with cancellation of preferential subscription rights, in consideration of contributions made to the Company in the form of shares or share equivalents of another company, under the same conditions as those previously approved – i.e., within the limit of €250 million, and noting that this amount would count against the Overall Ceiling of €310 million.

Should the Board of Directors be given this authority, any issue forthcoming would first be submitted to an independent valuation auditor.

Employee Shareholding

The intent of the delegations of authority under the 11th and 12th resolutions below is to renew the authorizations previously granted to the Board of Directors by the Shareholders' Meeting to allow it to issue securities for the development of employee shareholding on a Group scale. These resolutions give the Board the authority the power to carry out additional transactions related to employee shareholding at the time of its choosing. Information prospectus on such transactions shall be submitted, where applicable, to the French Financial Markets Authority (AMF) for approval.

As before, the objectives of employee shareholding plans are:

- to make employees genuine partners in the Group;
- to highlight value creation as one of the points in which the interests of shareholders and those of employees converge;
- to allow employees to join with shareholders in making annual decisions;
- to spread the concept of employee shareholding internationally.

Under such plans, employees are offered two investment options:

- a "Classic" investment plan, without leverage; and
- a "Multiple" investment plan, with financial leverage and capital protection.

Delegation of authority to be given to the Board of Directors to increase the share capital by issuing shares with cancellation of preferential subscription rights in favor of the Group employee savings plans members (eleventh resolution)

In accordance with Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code, the 11th resolution asks the shareholders to authorize the Board of Directors, or a duly-authorized representative, to increase the share capital on one or several occasions by a maximum nominal amount of €40 million through the issue of shares or share equivalents. Such increase shall be reserved for members of one or more Company employee savings plans (or another plan for participants for whom Articles L. 3332-18 et seq. of the French Labor Code would allow a capital increase to be reserved under equivalent terms) established within the Company or its Group comprising the Company and the French or foreign companies that fall within the Company's scope of consolidation or are combined in its financial statements pursuant to Article L. 3344-1 of the French Labor Code.

The maximum nominal amount for capital increases that may be carried out immediately or in the future under this resolution would count against the Overall Ceiling of €310 million.

Under the law, the Shareholders' Meeting would cancel the shareholders' preferential subscription rights to new shares or other share equivalents in favor of the above-mentioned beneficiaries.

The issue price of new shares or share equivalents would be at least 80% of the Reference Price (as that term is defined below), but the Board may reduce or eliminate such discounts, subject to statutory and regulatory requirements, in order to take into account the impact of local legal, accounting, tax and social security systems.

For purposes of this section, the Reference Price shall mean the average trading price of the Company's stock on the NYSE Euronext Paris stock exchange during the twenty (20) trading days preceding the date of the decision setting the opening date for subscriptions by members of Company employee savings plan.

In addition to shares or share equivalents to be subscribed in cash, the Board of Directors may award, at no cost to the beneficiaries listed above, new or existing shares or share equivalents as a substitute for all or a portion of the discount relative to the aforementioned average, and/or the matching contribution, provided that the benefit from such award does not exceed the statutory or regulatory limits pursuant to Articles L. 3332-18 et seq. and L. 3332-11 et seq. of the French Labor Code.

Under the law, this decision would entail the shareholders' waiver of any preferential right to shares or share equivalents which would be freely awarded under this resolution.

The renewal of the authorization would cover a period of **21 months**, effective upon the expiration of the similar authorization previously given under the 17th resolution of the Shareholders' Meeting of July 16, 2008 – i.e., as from September 16, 2010.

Delegation of authority to be given to the Board of Directors to increase the share capital, with cancellation of preferential subscription rights, in favor of any entities whose sole purpose is to subscribe, hold and dispose of GDF SUEZ shares or other financial instruments as part of the implementation of one of the Multiple plans of the GDF SUEZ Group's international employee shareholding plan (twelfth resolution)

The purpose of the **12th resolution** is to ask the shareholders to renew the delegation of authority granted to the Board of Directors to increase the Company's share capital, with cancellation of preferential subscription rights, through the issue of shares reserved for any entities whose sole purpose is to subscribe, hold and dispose of GDF SUEZ shares or other financial instruments within the scope of the implementation of one of the Multiple plans of the GDF SUEZ Group's international employee shareholding plan, for a maximum nominal amount of €20 million through the issue of a maximum number of 20 million shares with a par value of €1 each. The maximum nominal amount for capital increases that may be carried out immediately or in the future under this resolution would count against the Overall Ceiling of €310 million.

The subscription price for the shares issued by the entity or entities would be equal to that offered to employees joining the Multiple plan under the 11th resolution detailed above and which will be proposed to the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010 (relating to the capital increase via a share issue reserved for members of Company employee savings plans), subject to the power granted to the Board of Directors when setting the price to eliminate or reduce the discount provided for in the aforementioned 11th resolution.

The shares or equity interests of the entity or entities that are the beneficiaries of this reserved share issue may be proposed to the employees of consolidated foreign subsidiaries of the GDF SUEZ Group pursuant to Article L. 433-3 of the French Labor Code and who, for local regulatory or tax reasons, may not subscribe for GDF SUEZ shares under the aforementioned 11th resolution.

The GDF SUEZ shares subscribed for by the entity or entities could be assigned, where applicable, in full or in part to one or more credit institutions headquartered either in France or in another European Union Member State for the purpose of ensuring:

- in part, coverage of the Multiple plan offered to employees of foreign subsidiaries under this resolution;
- in part, coverage of the Multiple plan offered to employees of foreign subsidiaries subscribing for GDF SUEZ shares under the 11th resolution above.

The shareholders are asked to give the Board of Directors a certain amount of latitude in the choice of the structure allowing for the best implementation of the Multiple plan for the employees of the GDF SUEZ Group in the countries concerned, in light of the changes in the applicable legislation.

In order to adapt the subscription plans presented to the employees in each country concerned, where applicable, the proposed delegation of authority to the Board of Directors includes the authority granted to the Board to determine the subscription plans and to distinguish between (i) countries where employees will be offered shares or equity interests in the above-mentioned entity or entities and (ii) countries where employees will subscribe for GDF SUEZ shares under the 11th resolution above.

If, as a result of massive subscriptions, the number of subscriptions were to exceed the maximum number of shares authorized for issue, the Board of Directors would reduce employee subscriptions in accordance with the rules that it has set under the terms of French law and within the limits set by the authorization granted by the Shareholders' Meeting. These rules would be set by the Board of Directors by applying, as the case may be, limits on the number or proportion of employee subscriptions, and by drawing upon the following rules, with the proviso that the final rules would be set by the Board of Directors when it determines the subscription plans:

- the reduction would be made resolution by resolution: if the maximum number of shares authorized for issue under one of the two above-mentioned resolutions is not exceeded, the employees concerned by the resolution in question would receive the full amount of their subscriptions, with the reduction in the subscriptions only concerning the oversubscribed share issue;
- if, under one of the two above-mentioned resolutions, the number of subscriptions is greater than the maximum number of shares authorized for issue pursuant to the resolution concerned, a reduction would be made by cutting back the number of subscriptions by employee and, as needs be, by a proportional reduction in employee subscriptions;
- where, under one of the two above-mentioned resolutions, the number of subscriptions is greater than the maximum number of shares authorized for issue pursuant to the resolution concerned and where one of the countries falling within the scope covered by such resolution, which is itself subject, for regulatory or tax reasons, to a maximum limit on subscriptions (hereinafter the "country subject to an upper limit") also exceeds its own upper

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limit, a proportional reduction would be made, in priority, in the subscriptions by the employees of the country subject to an upper limit;

- however, if such a reduction does not make it possible to comply with the maximum number of shares authorized for issue pursuant to the resolution concerned, a new proportional reduction would be made affecting all the employees concerned by such resolution, including those in the country or countries subject to an upper limit, with these employees being treated in the same way as the employees in other countries;
- foreign employees who subscribe for GDF SUEZ shares under the 11th resolution above may receive, for each GDF SUEZ share subscribed, a *Share Appreciation Right (SAR)*, which would be covered by a corresponding issue of GDF SUEZ shares under this resolution;
- in the event of a reduction in subscriptions by foreign employees for GDF SUEZ shares under the 11th resolution above, the number of shares to be issued under this resolution could also be reduced in certain cases, depending on the Multiple plans that are finalized by the Board of Directors.

The renewal of this authorization would cover a period of **12 months**, effective upon expiration of the similar authorization previously given under the 13th resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 – i.e., as from November 4, 2010.

Limit on the overall ceiling for immediate and/or future capital increases under shareholder authorizations (thirteenth resolution)

The **13th resolution** would be to make it possible to renew the limit on the maximum nominal amount of capital increases that may be carried out under the authorizations provided in the 6th, 7th, 8th, 9th, 10th, 11th and 12th resolutions, currently set at €310 million. This amount constitutes an overall ceiling (the «Overall Ceiling») applicable to these resolutions, to which is added the nominal amount of shares to be issued under any supplementary issue to protect the rights of holders of share equivalents and the beneficiaries of stock options in the event of new financial transactions.

This limitation would supersede that of same amount, set under the 19th resolution of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008.

Delegation of authority to be given to the Board of Directors to increase the share capital by capitalizing premiums, reserves, earnings or other accounting items (fourteenth resolution)

The delegation of authority given to the Board of Directors under the 20th resolution of the Shareholders' Meeting of July 16, 2008 to increase the share capital by capitalizing premiums, reserves, earnings or other accounting items will expire in September 2010.

Under the **14th resolution** the shareholders are asked to renew the authorization given to the Board of Directors to increase the share capital, on one or several occasions, by capitalizing premiums, reserves, earnings or other accounting items that may be capitalized under legal provisions and the Company's bylaws. This transaction, which does not necessarily entail the issue of new shares, must be approved by the Extraordinary Shareholders' Meeting acting under the terms of quorum and majority of ordinary shareholders' meetings.

In accordance with the law, full powers would be given to the Board of Directors, or a duly authorized representative, to implement this authorization, and in particular to determine the nature and amount of the sums to be capitalized, the processes for carrying out the capital increase, the raising of the par value of existing shares and/or awarding of bonus shares, and to amend the bylaws accordingly.

In the case of allocation of new shares whose date of dividend entitlement would be retroactive, the Board of Directors may decide that the fractional rights are not negotiable and that the corresponding securities will be sold, with proceeds from their sale being awarded to the rights holders as provided under regulation.

The renewal of this authorization would cover a period of **26 months** following the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010, and would, from that date, deprive of effect the similar authorization previously granted by the Shareholders' Meeting of July 16, 2008, under its 20th resolution.

Authorization to be given to the Board of Directors to reduce the share capital by cancellation of treasury stock (fifteenth resolution)

The authorization given to the Board of Directors by the Shareholders' Meeting of July 16, 2008 under its 23rd resolution to reduce the share capital by cancellation of treasury stock will expire in September 2010.

Under the **15th resolution** the shareholders are asked to reauthorize the Board of Directors to cancel all or a portion of the shares of the Company that it may acquire under any authorization, present or future, given by the Ordinary Shareholders' Meeting in accordance with Article L. 225-209 of the French Commercial Code, within a maximum of 10% of the shares constituting the Company's share capital per 24-month period.

This authorization could be renewed for a similar **26-month** period following the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010 and, from that date and for the amount of any portion not used by the Board of Directors, would deprive of effect the previous authorization granted by the Shareholders' Meeting of July 16, 2008.

Authorization to be given to the Board of Directors to grant options for the subscription or purchase of shares of the Company to employees and/or officers of the Company and/or Group companies (sixteenth resolution)

The authorization given to the Board of Directors under the 14th resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 to grant options for the subscription or purchase of shares of the Company to employees and/or officers of the Company and/or Group companies will expire in November 2010.

Under the **16th resolution**, the shareholders are asked to renew the authorization given to the Board of Directors to grant options for the subscription of new shares and/or the purchase of existing shares of the Company, on one or several occasions, to all or certain employees and officers of the Company and of companies or groups that are affiliated with the Company, as defined in Article L. 225-180 of the French Commercial Code, subject to the limitations provided by law.

The total number of options granted pursuant to this resolution may not give rise to the subscription or purchase of shares representing over 0.5% of the Company's share capital as of the date of the Board of Directors' decision. Said number of shares will be deducted from the total number of shares that may be granted to certain employees and/or officers pursuant to the 17th resolution below (authorization to award bonus shares), which is limited to 0.5% of the share capital. In any event, the French State must hold over one-third of the Company's share capital and must continue to do so after all share equivalents and stock options awarded have been taken into account.

The subscription price for new shares and the purchase price for existing shares shall be set, without any discount, in accordance with Articles L. 225-177 and L. 225-179 of the French Commercial Code.

The Board of Directors shall have all powers to draw up the list of beneficiaries of the options and decide on the number of shares that each of them may purchase or subscribe for, as well as the conditions for obtaining, purchasing and selling these shares.

This authorization would be renewed for a similar **18-month** period following the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010 and, from that date and for the amount of any portion not used by the Board of Directors, would deprive of effect the previous authorization given by the Shareholders' Meeting of May 4, 2009 in its 14th resolution.

Authorization to be given to the Board of Directors to award shares to employees and/or officers of the Company and/or Group companies (seventeenth resolution)

The authorization given to the Board of Directors at the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 under its 15th resolution to award bonus shares of the Company to employees and/or officers of the Company and/or Group companies will expire in November 2010.

The **17th resolution** asks the shareholders to renew this authorization to allow the Board of Directors to award bonus shares to employees and/or officers of the Company and affiliated companies under the conditions provided by law under Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code.

This authorization could result in the award of shares representing a maximum of 0.5% of the share capital as of the date of the Board of Directors' decision to award them to certain employees and/or officers of the Group, with this number to counting against the total number of shares that may be granted pursuant to the 16th resolution above (authorization to grant options for the subscription or purchase of shares).

The shares awarded would be existing shares.

All or some of the shares would only vest after a minimum two-year period and a minimum holding period of two years would apply from the vesting date. It is understood that there may be no minimum holding period for shares subject to a minimum four-year vesting period, in which case said shares would be freely transferable once they have vested.

In the event that a beneficiary is classified as having a second or third class disability, as defined by Article L. 341-4 of the French Social Security Code (Code de la sécurité sociale), the shares awarded to that beneficiary would vest immediately. In the event of death of a beneficiary, his or her successors could ask, within six months of the date of death, for the shares to vest, in which case, they will be immediately transferable.

The Board of Directors would be able to draw up the list of beneficiaries of the share awards from among the employees and officers of the Company and of the companies or economic interest groups in which at least 10% of the capital or voting rights are held directly or indirectly by the Company. The Board of Directors would be empowered to set the conditions and criteria for granting said share awards. The Board would be able to implement this authorization on one or more occasions.

In accordance with the provisions of Article L. 225-197-4 of the French Commercial Code, a special report will be drawn up to inform the shareholders of the transactions carried out under this authorization.

This authorization would be renewed for a period of 12 months, effective upon expiration of the similar authorization previously given by the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 – i.e., as from November 4, 2010.

Common Provisions

The delegations of authority and authorizations referred to above would be given to the Board of Directors or a representative duly authorized in accordance with the law.

Shareholders' attention is drawn to the statutory limitation that is imposed on the Company in implementing all delegations of authority and authorizations granted to the Board of Directors which would result in the issue of shares or share equivalents. In accordance with Article 39 of the Law no. 2006-1537 of December 7, 2006 concerning the energy sector, the authorizations granted under the above resolutions may only be implemented

by the Board of Directors, or as applicable, by the Chairman and Chief Executive Officer or the Vice-Chairman, President acting under authorization of the Board of Directors under the conditions provided by law, as it relates to a limited number of securities such that following each proposed issue, the French State holds over one-third of the Company's share capital and continues to do so after all share equivalents and stock options awarded have been taken into account.

In addition, under the statutory provisions applicable to the Company, should any of the above-mentioned delegations of authority dilute the French State's shareholding, the privatization process would apply to its implementation. The "privatization process" means that the transaction must be endorsed by the French Privatization Board (Commission des participations et des transferts) and that an Order must be issued on the terms of the transaction.

The Statutory Auditors have issued a report on the **6th, 7th, 8th, 9th, 10th, 11th, 12th, 15th, 16th and 17th resolutions**, which has been made available to the shareholders in accordance with statutory and regulatory requirements.

Should the Board of Directors implement the delegation of authority given by the Shareholders' Meeting under the **6th, 7th, 8th, 9th, 10th, 11th, 12th and 14th resolutions**, it shall prepare, as appropriate and in accordance with the laws in force at the time of its decision, an additional report describing the final terms and conditions of the transaction, and indicate, where appropriate, its impact on the situation of holders of shares or share equivalents of the Company, especially as regards the proportion of their holdings to total shareholders' equity. This report and, if applicable, that of the Statutory Auditors, would be made available to holders of shares or share equivalents and then brought to their attention at the next Shareholders' Meeting.

Powers to implement the resolutions adopted by the Shareholders' Meeting and perform the related formalities (eighteenth resolution)

Under the **18th resolution,** the shareholders are asked to authorize the bearer of a copy or extract of the minutes of the Shareholders' Meeting to carry out any formalities required by law to execute the decisions made thereby.

The Board of Directors

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DRAFT RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 3, 2010

A. Resolutions submitted to the Ordinary Shareholders' Meeting

First resolution:

Approval of transactions and the Company financial statements for the year ended December 31, 2009

After reviewing the financial statements for the year ended December 31, 2009, the Board of Directors' management report and the Statutory Auditors' report on the Company financial statements, the General Meeting, pursuant to the quorum and majority requirements applicable to the ordinary general meeting approves the Company financial statements for the fiscal year ended December 31, 2009, as presented thereto, as well as the transactions entered in these parent company financial statements or summarized in these reports, showing net income for the year of €2,260,840,261.

In accordance with Article 223 (quater) the French Tax Code, the General Meeting approves the non-deductible expenses and charges governed by Article 39-4 of the French Tax Code totaling €760,058 for 2009 and the corresponding tax liability of €261,713.

Second resolution:

Approval of the consolidated financial statements for the year ended December 31, 2009.

After reviewing the Board of Directors' report and the Statutory Auditors' report on the consolidated financial statements, the General Meeting, pursuant to the quorum and majority requirements applicable to the ordinary general meeting approves the consolidated financial statements for the fiscal year ended December 31, 2009, as presented thereto, as well as the transactions entered in these consolidated financial statements or summarized in these reports, showing net income Group share of €4,477,323,000.

Third resolution:

Appropriation of net income and declaration of dividend for fiscal year 2009

The General Meeting, pursuant to the quorum and majority requirements applicable to the ordinary general meeting notes that the balance sheet at December 31, 2009 shows net income of €2,260,840,261 and retained earnings of €16,711,431,594.

Pursuant to the Board of Directors' recommendations, the General Meeting resolves to appropriate the net income and distribute the dividend as follows:

	euros
Net income for the fiscal year ended December 31, 2009	**2,260,840,261**
Retained earnings at December 31, 2009	16,711,431,594
Total amount available for distribution:	**18,972,271,855**
Dividend payout for 2009 (i.e., a net dividend of €1.47 per share):	**3,287,384,637**
Interim dividend of €0.80 paid on December 18, 2009 to be deducted from the dividend for fiscal year 2009:	1,772,530,538
Remaining dividend payout for 2009 (i.e., a net dividend of €0.67 per share):	**1,514,854,099**
The total amount of dividend payout for 2009 of: will be paid out of:	3,287,384,637
• net income for the period:	2,260,840,261
• retained earnings:	1,026,544,376

Accordingly, the General Meeting declares a net dividend for 2009 of €1.47 per share – i.e., a total dividend payout of €3,287,384,637.

Given that the interim dividend of €0.80 per share, to be deducted from the dividend for fiscal year 2009, was paid on December 18, 2009, the final dividend for fiscal year 2009 amounts to €0.67 per share, for a total dividend payout of€1,514,854,099. The total dividend payout is based on the number of existing GDF SUEZ shares as of December 31, 2009 – i.e., 2,260,976,267 shares. Consequently, on the date of the dividend payment, the dividend corresponding to the Company's treasury stock will be allocated to "Other Reserves".

In accordance with Article 243 (quater) of the French Tax Code (*Code général des impôts*), the entire distribution is eligible for the 40% deduction available to individuals who are tax residents of France in accordance with Article 158-3-2 of the French Tax Code.

The outstanding dividend will be declared on May 5, 2010 and will be paid in cash on May 10, 2010.

Pursuant to applicable law, the General Meeting hereby notes that dividend payouts for the previous three fiscal years were as follows:

Fiscal year	Number of shares carrying dividend rights *(in million)*	Dividend *(total amount)* *(in million)*	Net dividend per share *(in euros)*
2006*	984	1,082	1.10
2007*	964	1,215	1.26
2008*	2,146**	4,729	2.20

* *Dividends for fiscal years ending December 31, 2006, December 31, 2007 and December 31, 2008 were eligible for the 40% tax deduction available to individuals who are tax residents in France in accordance with Article 158-3-2 of the French Tax Code.*

** *This number corresponds to shares carrying dividend rights at the time of payment of the outstanding dividend for 2008 in May 2009. It is lower than that existing at the time of payment of the interim dividend for 2008 due to the purchase, between these two dates of treasury stock not entitled to the dividend.*

Fourth resolution:

Approval of regulated agreements pursuant to Article L. 225-38 of the French Commercial Code

After reviewing the Statutory Auditors' special report on regulated agreements governed by Article L. 225-38 of the French Commercial Code, the General meeting, pursuant to the quorum and majority requirements applicable to the ordinary general meeting approves the transactions referred thereto which were entered into or which remained in force during the past year.

Fifth resolution:

Authorization to be given to the Board of Directors to trade in the Company's shares

After reviewing the terms of the stock repurchase program, the General Meeting, pursuant to the quorum and majority requirements applicable to the ordinary general meeting authorizes the Board of Directors, or a duly-authorized representative, to purchase the Company's shares in accordance with the terms and conditions set forth in Articles L. 225-209 et seq. of the French Commercial Code and EC Regulation no. 2273/2003 of December 22, 2003, in order to:

- maintain a liquid market in the Company's shares through a liquidity agreement with an independent investment services provider that complies with the Code of Ethics recognized by the French Financial Markets Authority (*Autorité des Marches Financiers - AMF*); or
- cancel all or a portion of the repurchased shares in accordance with Article L. 225-209 of the French Commercial Code as part of a reduction of share capital decided or authorized by the Shareholders' Meeting; or
- award or sell them to employees or former employees or officers or former officers of the Company and/or companies that are or will be affiliated with it under the terms and conditions provided for by the applicable regulations, in particular in relation to stock option plans, awards of outstanding shares, or corporate or inter-company employee shareholding plans; or
- hold them for subsequent remittance in exchange or payment in connection with external growth transactions, subject to a ceiling of 5% of the Company's share capital; or
- use them for allocation upon the exercise of the rights attached to issued securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company; or
- implement any other market practices authorized or to be authorized by market authorities.

The Company may also use this stock repurchase program for any other purpose authorized or to be authorized by the laws and regulations.

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In accordance with the following terms and conditions:

- the maximum number of shares purchased by the Company during the period of the stock repurchase program may not exceed 10% of the shares constituting the Company's share capital as of the date of this Shareholders' Meeting and the aggregate amount of these purchases after expenses may not exceed €12 billion;
- maximum purchase price may not exceed €55, excluding transaction costs.

The purchase, sale or transfer of shares may be performed at any time, and by any means, except during the period of public offer for the Company, on the open market or over the counter, including through block trades, public tender offers, or the use of options or forward financial instruments traded on a regulated market or over the counter or through the issue of securities convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company, in accordance with the conditions provided by the market authorities and applicable legislation.

This authorization is given for a period of 18 months from the date of this Shareholders' Meeting. It deprives of effect the authorization of the same kind granted to the Board of Directors under the 5th resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009.

The General Meeting authorizes the Board of Directors, or a duly authorized representative, to adjust the maximum purchase price above to reflect the impact on the share price of corporate transactions such as a change in the share's par value, a capital increase through capitalization of reserves, the award of bonus shares, a stock-split or reverse stock-split, the distribution of reserves or any other assets, capital write-offs or any other transaction involving the shareholders' equity.

The General Meeting grants full powers to the Board of Directors, or a duly authorized representative, to implement this authorization and to set the terms and conditions applicable to the stock repurchase program, to place any buy and sell orders, enter into any and all agreements in view of updating the share registers, carry out all filings with the AMF and any other authorities, complete all formalities, and generally do all that is necessary for the purposes hereof.

B. Extraordinary Shareholders' Meeting

Sixth resolution:

Delegation of authority to be given to the Board of Directors to (i) issue common shares and/or common share equivalents of the Company and/or subsidiaries of the Company, and/or (ii) issue securities entitling the allocation of debt instruments, with maintenance of preferential subscription rights

After reviewing the Board of Directors' report and the Statutory Auditors' report, and in accordance with Articles L. 225-127, L. 225-128, L. 225-129, L. 225-129-2, L. 225-132, L. 225-133, L. 225-134, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. authorizes the Board of Directors to proceed on one or several occasions and in such proportions and at such times as it deems appropriate, in euros or a foreign currency or a unit of account based on several currencies, and with shareholders' preferential subscription rights maintained, with the issue of common shares of the Company or securities issued for consideration or free of charge, governed by Articles L. 228-91 et seq. of the French Commercial Code, (i) giving access to the Company's share capital or to the share capital of a company in which it directly or indirectly owns more than half of the share capital (share equivalents), subject to the approval of the Extraordinary Shareholders' Meeting of the company in which the rights are exercised, or (ii) entitling the allocation of debt instruments, noting that the subscription of shares and other securities may be made either in cash or by offsetting debt;
2. resolves to set the following limits on the amounts of the issues authorized if should the Board of Directors implement this authorization:
   - the maximum nominal amount of capital increases that may be carried out under this authorization is set at €250 million,
   - to this ceiling shall be added, if necessary, the nominal amount of shares to be issued under any supplementary issue to protect the rights of holders of stock options and/or share equivalents in the event of new financial transactions,
   - this amount shall count against the Overall Ceiling set in the 13th resolution,
   - the maximum nominal amount of securities representing debt obligations of the Company may not exceed the ceiling of €5 billion or the equivalent of this amount in another currency. This amount shall count against the nominal amount of debt instruments to be issued under the 7th, 8th, 9th and 10th resolutions of this Shareholders' Meeting;
3. resolves that this authorization will be valid for a period of 26 months from the date of this Shareholders' Meeting and shall deprive of effect the authorization granted under the 13th resolution of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008;

4. should the Board of Directors implement this authorization:
   - resolves that any issue(s) of shares or securities shall be reserved in priority to shareholders who are entitled to subscribe thereto in proportion to their current number of shares, and notes that the Board of Directors may give shareholders the opportunity to apply for excess shares or securities in proportion to their rights,
   - resolves that, if subscriptions for new shares under shareholder entitlements and, where applicable, for excess shares, have not absorbed the entire issue of shares or securities as defined above, the Board of Directors may decide, in order of its choosing and in accordance with the law, to, inter alia, offer the excess shares or securities to the public on the French market and/or abroad, and/or on the international market,
   - resolves that equity warrants in the Company may be issued through a subscription offer, under the terms described above, as well as by awarding them to the owners of existing shares,
   - resolves that in case of stand-alone warrants (e.g., bonus share options), the Board of Directors shall have the power to decide that fractional rights will not be negotiable and that the corresponding shares will be sold,
   - notes that this authorization shall automatically entail the waiver by shareholders of their preferential subscription rights to the shares to which the securities give entitlement in favor of the holders of the issued share equivalents of the Company;
5. resolves that the Board of Directors, or a representative duly authorized in accordance with the law, shall have full powers to implement this authorization, including to set the terms of issue, subscription and payment of the shares and securities, to record the completion of the capital increase resulting therefrom, to amend the bylaws accordingly, and more specifically to:
   - set, where applicable, the terms of exercise of rights attached to the shares or share equivalents or to debt instruments to be issued, determine the procedures for exercising such rights, where appropriate, whether conversion, exchange, or redemption, including delivery of Company assets such as securities previously issued by the Company,
   - determine, where debt securities are issued (including securities entitling the allocation of debt instruments governed by Article 229-91 of the French Commercial Code), whether or not they are subordinated and, if relevant, their level of subordination in accordance with Article L. 228-97 of the French Commercial Code; set their interest rates, whether fixed, variable, zero coupon or indexed; set their term, whether fixed or perpetual; set the other terms of issue, including the granting of security or collateral, and redemption, including the possibility of redemption by delivery of Company assets (such securities may also be repurchased on the stock market or be used in a public tender or public exchange offer); set the conditions under which such securities give access to the share capital of the Company and/or companies in which it directly or indirectly owns more than half of the share capital and/or entitling the allocation of debt instruments; and amend the above terms during the lifetime of the relevant securities,
   - at its sole discretion, charge the costs of the capital increase against the amount of the relevant premiums and deduct from this amount the sums necessary to raise the legal reserve to one-tenth of the capital resulting after each capital increase,
   - establish and carry out any adjustments necessary to reflect the impact of transactions in the Company's share capital, such as a change in the share's par value, a capital increase through capitalization of reserves, award of bonus shares, a stock-split or reverse stock-split, the distribution of reserves or any other assets, capital write-offs or any other transaction involving the shareholders' equity; and establish procedures, if necessary, preserving the rights of holders of common share equivalents,
   - and, generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions and accomplish all formalities required for the issue, listing and financial administration of the securities issued under this authorization and for the exercise of the rights attached thereto or required after each completed capital increase.

Seventh resolution:

Delegation of authority to be given to the Board of Directors to (i) issue common shares and/or common share equivalents of the Company and/or subsidiaries of the Company, and/or (ii) issue securities entitling the allocation of debt instruments, with cancellation of preferential subscription rights

After reviewing the Board of Directors' report and the Statutory Auditors' report, and in accordance with Articles L. 225-127, L. 225-128, L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 225-148, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. authorizes the Board of Directors to proceed on one or several occasions and in such proportions and at such times as it deems appropriate, in France and/or abroad and/or on the international market, via a public offering denominated in euros or a foreign currency or a unit of account based on several currencies, and with cancellation of shareholders' preferential subscription rights, with the issue of common shares or securities issued for consideration or free of charge, governed by Articles L. 228-91 et seq. of the French Commercial Code, (i) giving access to the Company's share capital (share equivalents), or (ii) entitling the allocation of debt instruments, noting that the subscription of shares and other securities may be made either in cash or by offsetting debt. The Company's common shares and common share equivalents may be issued, inter alia, in consideration for securities contributed to the Company, as part of a public exchange offer (or any other transaction having similar effect) conducted in France or abroad according to local rules on securities meeting the conditions laid down in Article L. 225-148 of the French Commercial Code;

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2. authorizes the Board of Directors to (i) authorize the issue, by companies in which the Company directly or indirectly owns more than half of the share capital, of share equivalents of the Company, and (ii) to issue the shares or share equivalents that would result from this authorization;
3. authorizes the Board of Directors to issue share equivalents of companies in which the Company directly or indirectly owns more than half of the share capital, subject to the approval of the Extraordinary Shareholders' Meeting of the company in which the rights are exercised;
4. resolves to set the following limits on the amounts of the issues authorized should the Board of Directors implement this authorization:
   - the maximum nominal amount of capital increases that may be carried out under this authorization is set at €250 million,
   - to this ceiling shall be added, if necessary, the nominal amount of any shares to be issued to protect the rights of holders of stock options and/or share equivalents in the event of new financial transactions,
   - this amount shall count against the Overall Ceiling set in the 13th resolution,
   - the maximum nominal amount of securities representing debt obligations of the Company may not exceed the ceiling of €5 billion or the equivalent of this amount in another currency. This amount shall count against the nominal amount of debt instruments to be issued under the 6th, 8th, 9th and 10th resolutions of this Shareholders' Meeting;
5. resolves that the authorization under this resolution will be valid for a period of 26 months from the date of this Shareholders' Meeting and shall deprive of effect the authorization granted to the Board of Directors under the 14th resolution of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008;
6. resolves to cancel the shareholders' preferential subscription rights to the securities covered by this resolution, nevertheless leaving the Board of Directors, pursuant to Article L. 225-135-2 of the French Commercial Code, the discretion to grant to shareholders, for a period and on terms to be set thereby in compliance with the applicable laws and regulations and for some or all of any issue carried out, a priority subscription period which does not constitute a negotiable right and which must be exercised in proportion to the quantity of shares owned by each shareholder. This may be supplemented by an opportunity for shareholders to apply for excess shares or securities in proportion to their rights, it being noted that any subsequent excess securities shall be offered to the public in France and/or abroad and/or on the international market;
7. notes that this authorization shall automatically entail the waiver by shareholders of their preferential subscription rights to shares to which the securities give entitlement in favor of the holders of the issued share equivalents;
8. resolves that in accordance with Article L. 225-136 of the French Commercial Code:
   - the issue price of shares directly issued shall be at least equal to the minimum set by the laws and regulations in force when this authorization is implemented,
   - the issue price of share equivalents shall be such that the sum received immediately by the Company plus, where applicable, any sum it may receive at a later date, for each share issued as a result of the issue of such securities is at least equal to the minimum subscription price defined in the preceding paragraph,
   - the conversion, redemption, or in general, the transformation of each share equivalent shall be carried out, based on the nominal value of such security, in a number of shares such that the sum received by the Company for each share is at least equal to the minimum subscription price as defined for the issue of shares in this resolution;
9. resolves that, in the event that subscriptions by the shareholders and the public have not absorbed the entire issue of securities, the Board of Directors may implement, in the order of its choosing, one or more of the following measures:
   - it may limit the amount of the subscriptions under the condition that it totals at least three-quarters of the amount of the initially approved issue,
   - it may freely distribute all or a portion of the unsubscribed issued shares;
10. notes that the provisions of paragraph 6 on the priority period and paragraphs 8 and 9 would not apply to shares and securities that might be issued under this authorization in consideration for securities contributed to the Company as part of a public exchange offer pursuant to Article L. 225-148 of the French Commercial Code;

11. resolves that the Board of Directors, or a representative duly authorized in accordance with the law, shall have full powers to implement this authorization, including to set the terms of issue, subscription and payment of the shares and securities, to record the completion of the capital increase resulting therefrom, to amend the bylaws accordingly, and more specifically to:
    - set, where applicable, the terms of exercise of rights attached to the shares or share equivalents or to debt instruments to be issued, determine the procedures for exercising such rights, where appropriate, whether conversion, exchange, or redemption, including delivery of Company assets such as securities previously issued by the Company,
    - determine, where debt securities are issued (including securities entitling the allocation of the debt instruments governed by Article 229-91 of the French Commercial Code), whether or not they are subordinated and, if relevant, their level of subordination in accordance with Article L. 228-97 of the French Commercial Code; set their interest rates, whether fixed, variable, zero coupon or indexed; set their term, whether fixed or perpetual; set the other terms of issue, including the granting of security or collateral, and redemption, including the possibility of redemption by delivery of Company assets (such securities may also be repurchased on the stock market or be used in a public tender or public exchange offer); set the conditions under which such securities give access to the share capital of the Company and/or companies in which it directly or indirectly owns more than half of the share capital and/or entitling the allocation of debt instruments; and amend the above terms during the lifetime of the relevant securities,
    - when issuing securities in consideration for financial instruments contributed in the context of a public exchange offer, draw up the list of securities contributed in the exchange; set the terms and conditions of the issue, the exchange ratio and, where applicable, the amount of cash payment to be made; and determine the procedures for the issue, whether for a public exchange offer, a secondary tender or exchange offer, a single tender offer to purchase or exchange such securities against payment in securities and cash, a principle tender or exchange offer combined with a secondary exchange or tender offer, or any other form of public offer in accordance with the laws and regulations applicable to such public offer; note the number of shares contributed to the exchange; and record the difference between the issue price of the new shares and their par value in balance sheet liabilities under an "additional paid-in capital" (capital contribution premium) account, to which all the shareholders shall have rights,
    - at its sole discretion, charge the costs of the capital increase against the amount of the relevant premiums and deduct from this amount the sums necessary to raise the legal reserve to one-tenth of the capital resulting after each capital increase,
    - establish and carry out any adjustments necessary to reflect the impact of transactions in the Company's share capital, such as a change in the share's par value, a capital increase through capitalization of reserves, award of bonus shares, a stock-split or reverse stock-split, the distribution of reserves or any other assets, capital write-offs or any other transaction involving the shareholders' equity; and establish procedures, if necessary, preserving the rights of holders of share equivalents,
    - and, generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions and accomplish all formalities required for the issue, listing and financial administration of the securities issued under this authorization and for the exercise of the rights attached thereto or required after each completed capital increase.

Eighth resolution:

Delegation of authority to be given to the Board of Directors to issue shares or other securities with cancellation of preferential subscription rights in the context of an offer governed by Article L. 411-2 II of the French Monetary and Financial Code

After reviewing the Board of Directors' report and the Statutory Auditors' special report, and in accordance with Articles L. 225-127, L. 225-128, L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the French Commercial Code, and Article L. 411-2 II of the French Monetary and Financial Code, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. authorizes the Board of Directors, or a representative duly authorized in accordance with the law, to proceed, in the context of an offer governed by Article L. 411-2 II of the French Monetary and Financial Code, on one or several occasions and in such proportions and at such times as it deems appropriate, in France, abroad or on the international market, whether in euros or a foreign currency or a unit of account based on several currencies, and with cancellation of preferential subscription rights, with a capital increase through the issue of common shares or securities for consideration or free of charge, governed by Articles L. 228-91 et seq. of the French Commercial Code and which give access to the Company's share capital (whether new or existing shares of the Company). It is noted that the subscription of shares and other securities may be made either in cash or by offsetting debt;
2. resolves to set the following limits on the amounts of the issues authorized should the Board of Directors implement this authorization:
    - the maximum nominal amount of capital increases that may be made under this authorization, within the limit of 20% of the share capital per year, is set at €250 million, it being understood that this amount shall count against the maximum nominal amount provided in paragraph 4 (a) of the 7th resolution above and against the Overall Ceiling mentioned in the 13th resolution,
    - to this ceiling shall be added, if necessary, the nominal amount of any shares to be issued to protect the rights of holders of stock options and/or share equivalents in the event of new financial transactions,

- the maximum nominal amount of securities representing debt obligations of the Company may not exceed the ceiling of €5 billion or the equivalent of this amount in another currency. This amount shall count against the nominal amount of debt instruments to be issued under the 6th, 7th, 9th and 10th resolutions of this Shareholders' Meeting;

3. notes that this authorization shall automatically entail the waiver by shareholders of their preferential subscription rights to shares to which the securities give entitlement in favor of the holders of the issued share equivalents;
4. resolves that in accordance with Article L. 225-136 of the French Commercial Code:
   - the issue price of shares directly issued shall be at least equal to the minimum set by the laws and regulations in force when this authorization is implemented,
   - the issue price of share equivalents shall be such that the sum received immediately by the Company plus, where applicable, any sum it may receive at a later date, is for each share issued as a result of the issue of such securities at least equal to the minimum subscription price defined in the preceding paragraph,
   - the conversion, redemption, or in general, the transformation of each share equivalent shall be carried out, based on the nominal value of such security, in a number of shares such that the sum received by the Company for each share is at least equal to the minimum subscription price as defined for the issue of shares in this resolution;
5. resolves that the Board of Directors, or a representative duly authorized in accordance with the law, shall have full powers to implement this authorization, including to set the terms of issue, subscription and payment of the shares and securities, to record the completion of the capital increases resulting therefrom, to amend the bylaws accordingly, and more specifically to make the same decisions as those mentioned in point 11 of the 7th resolution above;
6. sets the term of validity of this authorization at 26 months from the date of this Shareholders' Meeting.

Ninth resolution:

Delegation of authority to be given to the Board of Directors to increase the number of securities to be issued, with or without preferential subscription rights, in application of the 6th, 7th and 8th resolutions

After reviewing the Board of Directors' report and the Statutory Auditors' report, and in accordance with Article L. 225-135-1 of the French Commercial Code, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. delegates to the Board of Directors, or a representative duly authorized in accordance with the law, its authority to increase the number of shares or other securities to be issued in the event of a securities issue with or without preferential subscription rights, within the periods and limits provided by the regulations in force on the issue date (to date, within thirty (30) days from the close of subscriptions and within the limit of 15% of the initial issue) and subject to the ceilings provided for in the resolution which is applicable to the approved securities issue, as well as the overall ceiling set by the thirteenth resolution below;
2. sets the term of validity of this authorization at 26 months from the date of this Shareholders' Meeting, and notes that it shall cancel the authorization granted under the fifteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008;

Tenth resolution:

Delegation of authority to be given to the Board of Directors to issue shares and/or other securities in exchange for contributions of securities to the Company, within the limit of 10% of the share capital

After reviewing the Board of Directors' report and the Statutory Auditors' report, and in accordance with Article L. 225-147-6 of the French Commercial Code, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. delegates to the Board of Directors, or a representative duly authorized in accordance with the law, full powers to issue shares, securities or other instruments giving or potentially giving access to the Company's share capital (share equivalents), within the limit of 10% of the share capital at the time of issue in consideration for contributions in kind made to the Company and comprising equity or other share equivalents of other companies, where the provisions of Article L. 225-148 of the French Commercial Code do not apply;
2. resolves that the nominal amount of the increase in the Company's share capital resulting from the issue of securities defined above shall count against the maximum nominal amount of €250 million provided in paragraph 4 (a) of the 7th resolution above and against the Overall Ceiling mentioned in the 13th resolution;
3. resolves that the maximum nominal amount of securities representing debt obligations of the Company may not exceed the ceiling of €5 billion or the equivalent of this amount in another currency. This amount shall count against the nominal amount of debt instruments to be issued under the 6th, 7th, 8th and 9th resolutions of this Shareholders' Meeting;
4. resolves that the Board of Directors shall have full powers to, inter alia, determine the nature and number of securities to be created, their features and terms and conditions of issue; to approve the valuation of contributions and concerning such contributions, record their completion, deduct all expenses, charges and fees from the related premiums, with the balance being appropriated in any way decided by the Board of Directors or Shareholders' Meeting, increase the share capital, amend the bylaws accordingly and, generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions and accomplish all formalities required for the issue, listing and financial administration of the securities issued under this authorization and for the exercise of the rights attached thereto or required after each completed capital increase;

5. sets the term of validity of this authorization at 26 months from the date of this Shareholders' Meeting, and notes that it shall deprive of effect the authorization granted to the Board of Directors under the 16th resolution of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008.

Eleventh resolution:

Delegation of authority to be given to the Board of Directors to increase the share capital by issuing shares with cancellation of preferential subscription rights in favor of the Group employee savings plans members

After reviewing the Board of Directors' report and the Statutory Auditors' report, and in accordance with Articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-138 to L. 225-138-1, and L. 228-91 to L. 228-92 of the French Commercial Code, as well as Articles L. 3332-1 et seq. of the French Labor Code, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting

1. authorizes the Board of Directors to increase the share capital on one or several occasions by a maximum nominal amount of €40 million, by issuing shares or share equivalents and reserved for members of one or more Company employee savings plans (or another plan for members for whom Articles L. 3332-18 et seq. of the French Labor Code that would allow a capital increase to be reserved under equivalent terms) to be established within the Company or its Group comprising the Company and the French or foreign companies that fall within the Company's scope of consolidation or are combined in its financial statements pursuant to Article L. 3344-1 of the French Labor Code. This amount shall count against the Overall Ceiling provided in the 13th resolution;
2. sets the term of validity of this authorization at 21 months, effective upon expiration of the similar authorization previously given to the Board of Directors under the 17th resolution of the Shareholders' Meeting of July 16, 2008 – i.e., as from September 16, 2010;
3. resolves that the issue price of the new shares or share equivalents shall be determined under the terms laid down in Articles L. 3332 et seq. of the French Labor Code and shall be equal to 80% of the average opening price of the shares on NYSE Euronext Paris stock exchange during the 20 trading sessions prior to the date of the decision setting the opening date of the subscription period for the capital increase reserved for Company employee savings plan members (the "Reference Price"). The General Meeting nonetheless authorizes the Board of Directors to reduce or eliminate the aforementioned discount as it sees fit, subject to statutory and regulatory requirements, in order to take into account the impact of local legal, accounting, tax and social security systems;
4. authorizes the Board of Directors to award, at no cost to the beneficiaries listed above, and in addition to shares or share equivalents to be subscribed in cash, new or existing shares or share equivalents in substitution for all or a portion of the discount relative to the Reference Price, and/or the matching contribution, provided that the benefit from such award does not exceed the statutory or regulatory limits pursuant to Articles L. 3332-18 et seq. and L. 3332-11 et seq. of the French Labor Code;
5. resolves to cancel the shareholders' preferential subscription rights to the securities covered by this authorization in favor of the beneficiaries mentioned above. In addition, the said shareholders also waive any right to the bonus shares or share equivalents that would be issued pursuant to this resolution;
6. resolves that the Board of Directors, or a representative duly authorized in accordance with the law, shall have full powers to implement this authorization, within the limits and under the conditions specified above, and in particular to:
   - determine, in accordance with legal requirements, the list of companies whose members of one or more Company employee savings plans may subscribe to the shares or share equivalents thus issued and to receive, where applicable, bonus shares or share equivalents,
   - decide whether subscriptions may be made directly or through employer-sponsored mutual funds or other vehicles or entities allowed by applicable legislation or regulations,
   - determine the conditions, including seniority, that the beneficiaries of capital increases must meet,
   - set the opening and closing dates for subscriptions,
   - determine the amounts of the issues that will be carried out under this authorization and set, inter alia, the issue price, dates, periods, terms and conditions of subscription, payment, delivery and dividend entitlement for the securities (even retroactive) as well as any other terms and conditions of issue in accordance with current statutory and regulatory requirements,
   - in the event of an award of bonus shares or share equivalents, set the number of shares or share equivalents to be issued, the number allocated to each beneficiary, and set the dates, periods, terms and conditions for awarding such shares or share equivalents in accordance with current statutory and regulatory requirements, and in particular decide whether to fully or partially substitute the allocation of such shares or share equivalents for the discounts relative to the Reference Price provided above, or to deduct the equivalent value of such shares from the total amount of the matching contribution, or to combine these two options,
   - to record the completion of the capital increases in the amount of subscribed shares (after any reductions in the event of oversubscription),
   - where applicable, charge the costs of the capital increases against the amount of the relevant premiums and deduct from this amount the sums necessary to raise the legal reserve to one-tenth of the capital resulting from such capital increases,
   - enter into all agreements, carry out directly or indirectly by proxy all actions, including to proceed with all formalities required following capital increases, amend the bylaws accordingly and, generally, conclude all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions, and accomplish all formalities required for the issue, listing and financial administration of the securities issued under this authorization and for the exercise of the rights attached thereto or required after each completed capital increase.

Twelfth resolution:

Delegation of authority to be given to the Board of Directors to increase the share capital, with cancellation of preferential subscription rights, in favor of any entities whose sole purpose is to subscribe, hold and dispose of GDF SUEZ shares or other financial instruments as part of the implementation of one of the Multiple plans of the GDF SUEZ Group's international employee shareholding plan

After reviewing the Board of Directors' report, the Statutory Auditors' report, and in accordance with Articles L. 225-129, L. 225-129-2 to L. 225-129-6 and L. 225-138 of the French Commercial Code, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. authorizes the Board of Directors to increase the share capital, on one or several occasions, by a maximum nominal amount of €20 million via the issue of a maximum of 20 million new shares with a par value of €1 each. This amount shall count against the Overall ceiling provided in the 13th resolution;
2. sets the term of validity of this authorization at 12 months, effective upon expiration of the similar authorization previously given to the Board of Directors under the 13th resolution of the Shareholders' Meeting of May 4, 2009 – i.e., as from November 4, 2010;
3. authorizes the Board of Directors to choose the entity or entities referred to in point 6 below;
4. resolves that the final amount of the capital increase will be set by the Board of Directors which shall have full powers for such purpose;
5. resolves that the amount of subscriptions by each employee may not exceed the limits that will be set by the Board of Directors under this authorization and that, in the event of excess employee subscriptions, these will be reduced in accordance with the rules defined by the Board of Directors;
6. resolves to cancel the shareholders' preferential subscription rights and reserve the subscription of all shares to be issued, in accordance with Article L. 225-138 of the French Commercial Code, for any French or foreign entities, whether or not they have legal personality, whose sole purpose is to subscribe, hold and dispose of GDF SUEZ shares or other financial instruments in order to implement one of the Multiple plans of the GDF SUEZ Group's international employee shareholding plan;
7. resolves that the issue price of the new shares shall be equal to the price of the shares to be issued under the next share issue reserved for employees who are members of a GDF SUEZ Group employee savings plan, pursuant to the 11th resolution above, and which shall be equal to 80% of the average opening price of the shares on the NYSE Euronext Paris stock exchange during the 20 trading sessions preceding the date of the decision setting the opening date of the subscription period for the share issue reserved for members of a GDF SUEZ Group employee savings plan. The general Meeting nonetheless authorizes the Board of Directors to reduce or eliminate, as it sees fit, any discount applied to the subscription price of the shares issued, pursuant to the 11th resolution above (capital increase reserved for employees who are members of Company employee savings plan), subject to statutory and regulatory requirements, in order to take into account the impact of local legal, accounting, tax and social security systems;
8. resolves that the Board of Directors may determine the methods of subscription to be presented to the employees in each relevant company, subject to applicable local laws, and select the countries to be included from among those in which GDF SUEZ has consolidated subsidiaries pursuant to Article L. 3344-1 of the French Labor Code and those of such subsidiaries whose employees will be able to participate in the program;
9. resolves that the amount of the capital increase or of each capital increase shall be limited, where applicable, to the amount of subscriptions received by GDF SUEZ, in accordance with applicable statutory and regulatory requirements.

Thirteenth resolution:

Limit on the Overall Ceiling for immediate and/or future capital increases carried out under shareholder authorizations

After reviewing the report of the Board of Directors and the Statutory Auditors' report, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. resolves to set at €310 million the maximum aggregate nominal amount of share capital increases, whether immediate or future, that may be made under authorizations granted under the 6th, 7th, 8th, 9th, 10th, 11th and 12th resolutions of this Shareholders' Meeting, it being noted that to this nominal amount shall be added (i) the maximum nominal amount of capital increases via the capitalization of premiums, reserves, earnings or other sums that may be capitalized under the 14th resolution below of this Shareholders' Meeting, and (ii) optionally, the nominal amount of shares issued under any supplementary issue to protect the rights of holders of stock options and share equivalents in accordance with the law and, where applicable, contractual provisions; and
2. resolves, in accordance with Article 39 of Act no. 2006-1537 of December 7, 2006 concerning the energy sector, that the authorizations granted under the above resolutions may only be implemented by the Board of Directors, or as applicable, by the Chairman and Chief Executive Officer or the Vice-Chairman, President acting under authorization of the Board of Directors under the conditions provided by law, as it relates to a limited number of securities such that following each proposed issue the French government holds over one-third of the Company's share capital and continues to do so after all share equivalents and stock options awarded have been taken into account.

Fourteenth resolution:

Delegation of authority to be given to the Board of Directors to increase the share capital by capitalizing premiums, reserves, earnings or other accounting items

After reviewing the Board of Directors' report, and in accordance with Articles L. 225-98, L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code, the General Meeting, acting extraordinarily and under the quorum and majority requirements provided in Article L. 225-98 of the above-mentioned Code:

1. authorizes the Board of Directors to increase the share capital on one or several occasions and in such proportions and at such times as it deems appropriate, by capitalizing premiums, reserves, earnings or other accounting items that may be capitalized under the law and the bylaws, including by association with a capital increase in cash made under the 6th, 7th, 8th, and 9th resolutions, and under the award of bonus shares or an increase the par value of existing shares or by the combined use of these two means. The maximum nominal amount of capital increases that may be carried out in this manner shall be equal to the aggregate amount that may be capitalized and shall be added to the Overall Ceiling provided in the thirteenth resolution above;
2. resolves that the Board of Directors, or a representative duly authorized in accordance with the law, shall, where applicable, have full powers to implement this authorization, including to set the terms of issue, to record the completion of capital increases resulting therefrom, to amend the bylaws accordingly, and more specifically to:
   - determine the amount and nature of the sums to be capitalized, set the number of new shares to be issued and/or the amount by which the par value of existing shares comprising the share capital shall be increased; set the date, which may be retroactive, from which the new shares shall carry dividend rights, or the date on which the increase in the par value shall takes effect,
   - decide, for any distribution of bonus shares:
     - that fractional rights are not negotiable and that the corresponding shares will be sold, with proceeds from their sale being awarded to the rights holders as provided by law,
     - carry out any adjustments necessary to reflect the impact of transactions in the Company's share capital, such as a change in the share's par value, a capital increase through capitalization of reserves, the award of bonus shares, a stock-split or reverse stock-split, the distribution of reserves or any other assets, capital write-offs or any other transaction involving the shareholders' equity; and establish procedures, if necessary, preserving the rights of holders of share equivalents,
   - and, generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and accomplish all formalities required for the issue, listing and financial administration of the securities issued under this authorization and for the exercise of the rights attached thereto or required after each completed capital increase;
3. sets the term of validity of this authorization at 26 months from the date of this Shareholders' Meeting, and notes that it shall deprive of effect, from this date, the authorization granted under the 20th resolution of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008.

Fifteenth resolution:

Authorization to be given to the Board of Directors to reduce the share capital by cancellation of treasury stock

After reviewing the Board of Directors' report and the Statutory Auditors' report, and in accordance with Article L. 225-209 of the French Commercial Code, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. authorizes the Board of Directors to reduce the share capital, on one or several occasions and in such proportions and at such times as it deems appropriate, by canceling all or a portion of the shares held or purchased by the Company under an authorization granted by the Ordinary Shareholders' Meeting, within the limit of 10% of the Company's share capital, within a twenty-four month period. This limit applies to the Company's total share capital after any adjustments for transactions impacting the share capital which are completed after the date of this Shareholders' Meeting;
2. sets the term of validity of this authorization at 26 months from the date of this Shareholders' Meeting, and notes that it shall deprive of effect, from this date, the authorization granted under the 23rd resolution of the Shareholders' Meeting of July 16, 2008;
3. confers full powers on the Board of Directors, or a representative duly authorized in accordance with the law, to carry out the cancellation(s) of shares and reduction(s) of the share capital under this authorization; set the terms and conditions and record the completion thereof; charge the difference between the carrying value of the cancelled shares and their par value against all reserves and premiums; amend the bylaws accordingly; and complete all formalities required for this purpose.

Sixteenth resolution:

Authorization to be given to the Board of Directors to grant options for the subscription or purchase of shares of the Company to employees and/or officers of the Company and/or Group companies

After reviewing the report of the Board of Directors and the Statutory Auditors' special report, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. authorizes the Board of Directors, or a representative duly authorized in accordance with the law, pursuant to Articles L. 225-177 et seq. of the French Commercial Code,

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to grant options for the subscription of new shares and/or the purchase of existing shares of the Company, on one or several occasions, to all or certain employees and officers of the Company and of companies or groups that are affiliated with the Company, as defined in Article L. 225-180 of the French Commercial Code, subject to the limitations provided by law;

2. sets the term of validity of this authorization at 18 months from the date of this Shareholders' Meeting, and notes that it shall deprive of effect, from this date, the authorization granted under the 14th resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009;
3. resolves that the total number of options granted pursuant to this resolution may not give entitlement to the subscription or purchase of shares representing over 0.5% of the Company's share capital as of the date of the Board of Directors' decision and that the number of aforementioned shares shall be deducted from the total number of shares that may be granted to certain employees and/or officers of the Company pursuant to the seventeenth resolution below (authorization for the award of stock options), which is limited to 0.5% of the share capital as of the date of the Board of Directors' decision. It is specified that, in accordance with Article 39 of Act no. 2006-1537 of December 7, 2006 concerning the energy sector, the authorization granted under this resolution may only be used by the Board of Directors or, as applicable by the Chairman and Chief Executive Officer or the Vice-Chairman, President acting under a delegation of authority granted by the Board of Directors under the conditions provided by law, as it relates to a limited number of stock options, such that following each proposed award, the French government holds over one-third of the Company's share capital and will continue to do so after all share equivalents and stock options awarded have been taken into account;
4. resolves that the exercise price for new shares and the purchase price for existing shares will be set, without any discount, in accordance with Articles L. 225-177 and L. 225-179 of the French Commercial Code;
5. notes that this authorization will automatically entail the waiver by shareholders of their preferential right to subscribe for new shares issued as and when share subscription options are exercised, in favor of the beneficiaries of those options;
6. resolves to grant to the Board of Directors the necessary powers to implement this resolution, subject to the limitations set forth above and in the Company's bylaws, including the power to:
   - set the dates and the terms and conditions of each grant, draw up the list of beneficiaries and decide on the number of shares that each beneficiary may acquire,
   - determine, where appropriate, the periods during which the exercising of options will be temporarily suspended as a result of certain financial transactions,
   - determine the terms and conditions for exercising the options, including the exercise price for new shares, the purchase price for existing shares, the exercise period or periods and the period of validity of the options, which may not exceed 10 years,
   - specify, where appropriate, the holding period applicable to all or any shares obtained by exercising the options, which may not exceed three years from the exercise date,
   - set the number of shares to be held in registered form by the Company's officers until the end of their term of office;
   - determine the conditions in which the price and the number of shares to be purchased or issued may be adjusted in the cases provided for by law,
   - record the increases in share capital resulting from the exercise of options: amend the bylaws accordingly, accomplish all formalities directly or by proxy,
   - charge the costs of the capital increase against the related premiums and deduct from this amount the sums necessary to raise the legal reserve to one-tenth of the new capital after each issue increase,
   - and generally do all that is necessary for this purpose;
7. instructs the Board of Directors to inform the shareholders, at each Ordinary Shareholders' Meeting, of the transactions carried out pursuant to this authorization in accordance with the applicable statutory and regulatory provisions;
8. grants full powers to the Board of Directors to decide, where appropriate, all modifications and adjustments to the terms and conditions of stock purchase and subscription options granted prior to this Shareholders' Meeting.

Seventeenth resolution:

Authorization to be given to the Board of Directors to award bonus shares to employees and/or officers of the Company and/or Group companies

After reviewing the report of the Board of Directors and the Statutory Auditors' special report, the General Meeting, pursuant to the quorum and majority requirements applicable to the extraordinary general meeting:

1. authorizes the Board of Directors, or a representative duly authorized in accordance with the law, to award existing shares, on one or several occasions, in accordance with Articles L. 225-197-1 et seq. of the French Commercial Code;
2. sets the term of validity of this authorization at 12 months, effective upon expiration of the similar authorization previously given under the 15th resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2009 – i.e., as from November 4, 2010;
3. resolves that the total number of shares awarded pursuant to this authorization may not represent more than (i) 0.5% of the Company's share capital as of the date of the Board of Directors' decision to award shares to certain employees and/or officers of the Company and/or of companies or groups that are affiliated with the Company under the conditions provided by law, and that said number of shares will be deducted from the total number of shares that may be granted pursuant to the 16th resolution above, which is limited to 0.5% of the share capital as of the date of the Board of Directors' decision;

4. resolves that all or some of the shares awarded will only vest after a minimum two-year period, and that a minimum holding period of two years will apply from the vesting date, it being specified that there may be no minimum holding period for shares subject to a minimum four-year vesting period, in which case said shares would be freely transferable once they have vested;
5. resolves that in the event that a beneficiary is classified as having a second or third class disability, as defined by Article L. 341-4 of the French Social Security Code, the shares awarded to that beneficiary will vest immediately. In the event of the death of a beneficiary, his or her successors may ask within six months of the date of death, for the shares to vest, in which case they will be immediately transferable;
6. grants full powers to the Board of Directors, or a representative duly authorized in accordance with the law, to implement this authorization, subject to the above limitations, and in particular to:
   - set the number of shares to be awarded to each beneficiary,
   - set the conditions and, where appropriate, the criteria for awarding the shares, including the minimum vesting period and the minimum holding period,
   - provide, where appropriate, for the possibility to extend the vesting period and in such case, to defer the end-date of the holding period accordingly, so that the minimum holding period remains unchanged,
   - adjust the number of shares awarded in the event that the value of the Company's shares should change as a result of transactions involving the share capital,
   - set the dates and the terms and conditions of the free share awards and, in general, take all the necessary steps and enter into all agreements to properly complete the transaction.

Eighteenth resolution:

Powers to implement the resolutions adopted by the Shareholders' Meeting and perform the related formalities

The shareholders grant full powers to the bearer of the original or a copy or extract of the minutes of this Shareholders' Meeting to carry out all filings and other formalities as required.

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STATUTORY AUDITORS' REPORT ON THE RESOLUTIONS OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 3 MAY 2010

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report on the various operations upon which you are called to vote.

1. Statutory auditors' report on the issue of shares and marketable securities with and/or without cancellation of preferential subscription rights (6th, 7th, 8th, 9th, 10th and 13th resolutions)

In our capacity as statutory auditors of your Company and in compliance with Articles L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code (Code de commerce), we hereby report on the proposed authorizations allowing your Board of Directors to decide on whether to proceed with the issues of shares and/or marketable securities, operations upon which you are called to vote.

Your Board of Directors proposes, on the basis of its report, that:

- it be authorized, with the possibility of subdelegation, for a period of 26 months, to decide on whether to proceed with the following operations and to determine the final conditions of these issues, and proposes, if applicable, to cancel your preferential subscription rights:
  - the issue, without cancellation of preferential subscription rights, (i) of ordinary shares or marketable securities giving access to the capital of the Company, or in accordance with Article L. 228-93 of the French Commercial Code (Code de commerce), to the capital of any company of which it directly or indirectly holds more than half of the share capital (ii) or of marketable securities giving entitlement to the allotment of debt securities (sixth resolution);
  - the issue, with cancellation of preferential subscription rights, through an offering to the public, (i) of ordinary shares or marketable securities giving access to the capital of the Company, it being specified that these shares or marketable securities may be issued for the purpose of paying for securities contributed to the Company through an exchange offer in accordance with Article L. 225-148 of the French Commercial Code (Code de commerce); or (ii) of marketable securities giving entitlement to the allotment of debt securities (seventh resolution);
  - the issue of ordinary shares or marketable securities giving access to the capital of the Company, as a result of the issue by companies, of which the Company directly or indirectly holds more than half of the share capital, of marketable securities giving access to the capital of the Company (seventh resolution);
  - the issue of marketable securities giving access to the capital of the companies of which the Company directly or indirectly holds more than half of the share capital, subject to the authorization of the Extraordinary Meeting of the Shareholders of the company in which the rights are exercised (seventh resolution);
  - the issue, with cancellation of preferential subscription rights, for an amount that does not exceed 20% of the share capital per year, within the offerings in accordance with Article L.411-2 II of the French Monetary and Financial Code (Code monétaire et financier), of ordinary shares or marketable securities giving access to the capital of the Company or of marketable securities giving entitlement to the allotment of debt securities (eighth resolution);
- it be authorized for a period of twenty-six months to determine the terms and conditions of the issue of shares or marketable securities giving access to the capital of the Company, in order to pay for the contributions in kind made to the Company and consisting of equity securities or marketable securities giving access to the capital of other companies, within the limit of 10% of the capital (tenth resolution);

Under each of the sixth and seventh resolutions, the nominal amount of increases in capital that can be implemented immediately or at a later date may not be in excess of €250 million.

The overall nominal amount of increases in capital that can be implemented immediately or at a later date may not be in excess of €310 million in respect of resolutions 6 to 12 (thirteenth resolution).

Under the sixth, seventh, eighth, ninth and tenth resolutions, the overall nominal amount of debt securities that can be issued may not be in excess of €5 billion.

If you adopt the ninth resolution, these ceilings take into account the additional number of marketable securities made available through the authorizations presented in resolutions 6 to 8, in accordance with Article L. 225-135-1 of the French Commercial Code (Code de commerce).

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117

of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on the other information relating to these operations provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to these operations and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the Board of Directors' report under the seventh and eighth resolutions.

Moreover, as the methods used to determine the issue price of the capital securities to be issued in accordance with the sixth and tenth resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine the issue price of the capital securities to be issued.

As the issue price of the capital securities to be issued has not yet been determined, we cannot report on the final conditions in which the issues would be performed and consequently, on the cancellation of preferential subscription rights proposed in the seventh and eighth resolutions.

In accordance with Article R. 225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization for the issues with cancellation of preferential subscription rights and for the issues of securities giving access to the capital and/or giving entitlement to the allotment of debt securities.

2. Statutory auditors' report on the issue of shares and marketable securities with cancellation of preferential subscription rights reserved for employees who are members of a Company savings scheme(11th and 13th resolutions)

In our capacity as statutory auditors of your Company and in compliance with Articles L. 225-135, L.225-138 and L.228-92 of the French Commercial Code (Code de commerce), we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with one or several increases in capital by the issuing of ordinary shares or marketable securities giving access to the capital with cancellation of preferential subscription rights of (maximum) €40 million, reserved for employees who are members of a Company savings scheme, an operation upon which you are called to vote. The overall nominal amount of increases in capital that can be implemented will be charged against the amount of the overall maximum limit of €310 million provided for in the 13th resolution.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (Code de commerce) and L. 3332-18 et seq. of the French Labour Code (Code du travail).

Your Board of Directors proposes that, on the basis of its report, it be authorized, with the possibility of subdelegation, for a period of 20 months, to decide on whether to proceed with one or several issues of shares or marketable securities giving access to the capital, and proposes to cancel your preferential subscription rights. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R.225-117 of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the Board of Directors' report.

As the issue price of the capital securities to be issued has not yet been determined, we cannot report on the final conditions in which the issue(s) would be performed and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

3. Statutory auditors' report on the proposed increase in capital with cancellation of preferential subscription rights for all entities whose sole purpose is to subscribe for, hold and sell GDF SUEZ shares or other marketable securities in order to implement one of the many formulae of the international employee shareholding plan (12th and 13th resolutions)

In our capacity as statutory auditors of your Company and in accordance with Articles L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report on the proposal to authorize your Board of Directors to decide on whether to proceed with an increase in capital, by the issue of ordinary shares with cancellation of subscription rights reserved for all entities whose sole purpose is to subscribe for, hold and sell shares of the Company or other financial instruments within the framework of the implementation of one of the many formulae of the international employee shareholding plan, for a maximum nominal amount of €20 million, through the issuance of a maximum number of 20 million shares with a par value of €one each, an operation upon which you are called to vote. Under this resolution, the overall nominal amount of increases in capital that can be implemented will be charged against the amount of the overall maximum limit of €310 million provided for in the 13th resolution.

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Your Board of Directors, on the basis of its report, proposes that it be authorized, for a period of 12 months, to decide on whether to proceed with one or several increases in capital and proposes to cancel your preferential subscription right. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of your Board of Directors to prepare a report, in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code (Code de commerce). Our responsibility is to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of the preferential subscription rights and on other information in respect of the share issue contained in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price..

Subject to a subsequent examination of the conditions for the increases in capital that would be decided, we have no matters to report as to the methods used to determine the issue price provided in the Board of Directors' report.

As the issue price has not yet been determined, we cannot report on the final conditions in which the issues would be performed and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (code de commerce), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

4. Statutory auditors' report on the reduction in capital by the cancellation of repurchased shares (15th resolution)

In our capacity as statutory auditors of your Company and in compliance with Article L.225-209, paragraph seven of the French Commercial Code (Code de commerce) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital are fair.

This operation involves the repurchase by your Company of its own shares, representing an amount not in excess of 10% of its total capital, in accordance with Article L. 225-209 of the French Commercial Code (Code de commerce). Moreover, this authorization to repurchase is presented to your shareholders' meeting for approval and would be given for a period of 18 months (5th resolution).

Your Board of Directors requests that it be authorized, with the possibility of subdelegation, for a period of 26 months, to proceed with the cancellation of shares the Company was authorized to repurchase, representing an amount not exceeding 10% of its total capital by periods of 24 months.

We have no matters to report on the terms and conditions of the proposed reduction in capital, which can be carried out only after your shareholders' meeting has already approved the repurchase by your Company of its own shares.

5. Statutory auditors' special report on the stock options or share purchase plans reserved for directors and/or employees of the Company and/or certain affiliated groups or companies (16th resolution)

In our capacity as statutory auditors of your Company and in compliance with Articles L. 225-177 and R.225-144 of the French Commercial Code (Code de commerce), we hereby report on the stock options or share purchase plans reserved for directors and/or employees of the Company and/or certain affiliated groups or companies as defined in Article L. 225-180 of the French Commercial Code (Code de commerce).

The total number of options granted may not give right to the subscription or purchase of shares representing over 0.5% of the Company's share capital as of the date of the Board of Directors' decision, and this number of shares will be deducted from the total number of shares that may be granted pursuant to the 17th resolution, which is limited to 0.5% of the share capital. The Board of Directors is thus empowered for a period of 18 months. The exercise price for new shares and the purchase price for existing shares will be set, without any discount, in accordance with the provisions of Articles L.225-177 and L.225-179 of the French Commercial Code (Code de commerce).

It is the responsibility of the Board of Directors to prepare a report on the reasons for the stock options or share purchase plans and on the proposed methods used to determine the subscription or purchase price. Our role is to report on the proposed methods to determine the subscription or purchase price.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying that the methods proposed to determine the subscription or purchase price are included in the Board of Directors' report, are in accordance with legal requirements, are easily understood by the shareholders and do not appear manifestly inappropriate.

We have no matters to report on the methods proposed.

6. Statutory auditors' special report on the free allocation of existing shares reserved for employees and/or directors of the Company and/or Group companies (17th resolution)

In our capacity as statutory auditors of your Company and in compliance with Article L.225-197-1 of the French Commercial Code (Code de commerce), we hereby report on the free allocation of existing shares reserved for employees and/or directors of the Company and/or Group companies as defined in Article L. 225-197-2 of the French Commercial Code (Code de commerce).

Your Board of Directors proposes that it be authorized, with the possibility of subdelegation, to allocate, for free, existing shares for a period of 12 months. The total number of existing shares allocated for free shall represent no more than 0.5% of the share capital as of the date of the Board of Directors' decision and will be deducted from the total number of shares limited to 0.5% of the share capital pursuant to the 16th resolution.

It is the responsibility of your Board of Directors to prepare a report on the proposed operation. Our role is to report on any matters relating to the information regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the board of directors' report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the board of directors' report relating to the proposed free allocation of existing shares.

Neuilly-sur-Seine and Paris - La Défense, March 22, 2010

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

APPENDIX B

STATUTORY AUDITORS' REPORT ON THE REVIEW OF SELECTED ENVIRONMENTAL AND SOCIAL INDICATORS

This is a free translation into English of the original report issued in the French language and is provided solely for the convenience of English speaking readers

At the request of GDF SUEZ and in our capacity as the company's Statutory Auditors, we performed a review in the aim of providing assurance on the environmental and social indicators selected by GDF SUEZ and identified by the symbols ■ or ■ ■ in sections 3.2.3; 3.2.6; 3.2.7 and 4.7 for fiscal year 2009 and at the Group level (the "Data").

The Data, which is the responsibility of GDF SUEZ management, has been prepared in accordance with the following internal reporting criteria:

- set of procedures relating to environmental data reporting,
- set of procedures relating to social data reporting,

available for consultation at the Sustainable Development Department (Environment Climate), the HR Controlling Department and the Health, Safety and Management Systems Department, as summarized in sections 3.2.5; 4.7.1 and 4.7.2 (hereinafter the "Reporting Criteria"). It is our responsibility, based on the work performed, to express a conclusion on this Data. The conclusions expressed below relate solely to this Data and not to the entire sustainable development report.

Nature and scope of our work

We conducted our procedures in accordance with the applicable professional guidelines.

Moderate assurance

We conducted the following procedures in order to provide moderate assurance that the selected Data[1], identified by the symbol ■, did not contain any material anomalies. A higher level of assurance would have required more extensive work. We have assessed the Reporting Criteria with respect to its relevance, reliability, objectivity, clarity and its completeness.

We met with the persons responsible for the application of the Reporting Criteria at the Sustainable Development Department (Environment Climate), the HR Controlling Department and the Health, Safety and Management Systems Department at the head office, and within the branches: Energy France (BEF), Energy Europe and International (BEEI), Global Gas and LNG (B3G), Infrastructure (BI), Energy Services (BES) and SUEZ Environnement (SE).

For the environmental data, we selected 32 entities[2] for which the following procedures were carried out: substantive tests at 47 sites belonging to these entities, analytical reviews and consistency tests at 32 selected entities. For the social data, we performed our procedures at 34 selected entities[3].

In addition, we carried out analytical reviews and consistency tests for 5 additional entities for the environmental reporting and 12 additional entities for the social reporting.

(1) *The Data is as follows [contribution to Group data from the entities selected for our work is mentioned between brackets. It includes the procedures carried out during our on-site visits and also additional work carried out at the entity level.]:SO2 emissions (65%); NOx emissions (41%); Dust emissions (48%); Industrial water consumption (47%); Cooling process water consumption (77%); Non-hazardous waste and by-products discharged (66%); Non-hazardous waste and by-products recovered (68%); Hazardous waste and sub-products discharged (89%); Hazardous waste and sub-products recovered (76%); Quantities of leachates treated (90%); Age pyramid; Employee turnover rate (in relation to number of resignations and dismissals) (62%); Employee resignation rate (in relation to number of resignations)(57%); Hiring rate (in relation to total number of hirings under indefinite term and fixed-term contracts)(56%), Number of fatal accidents (employees) (44%), Work-related accident frequency rate (FR)(in relation to number of accidents with paid sick leave)(76%); Work-related accident severity rate (in relation to number of days of paid sick leave)(79%).*

(2) *Energy Europe and International (BEEI): Electrabel SA (Amercoeur, Kallo, Langerbrugge and Zandvliet Power sites), Electrabel Nederland (Gelderland and Harculo sites), Tractebel Energia de Monterrey, Tractebel Energia (Itasa, Machadinho, Cana Brava, Jose Gelazio, Rondonopolis, Passo Fundo, Ponte de Pedra, Salto Osorio, Salto Santiago, Jorge Lacerda, and Lages Bioenergetica sites), GDF SUEZ Energy North America (Mount Tom and Massachussetts Hydro sites), Enersur (Chilca and Yuncan sites), Teesside, Electrabel Polska (Polaniec site), Italcogim Ret ; Global Gas and LNG (B3G): Exploration & Production Nederland, DEP (BU), GNL ; Energy France (BEF): CNR, Erelia, Compagnie du Vent ; Infrastructure (BI): GrDF ; Energy Services (BES): Fabricom SA, Cofely Espana (Martorell site), CPCU (BU and Saint-Ouen site), Cofely Sud-Ouest (BU and Bassens site); Environment (SE) : Agbar Barcelona, Degrémont (Valenton, Puebla, San Luis Potosi), United Water (New Jersey and West Basin), Lyonnaise des Eaux France (BU and Cannes – Côte d'Azur site), Sita France (BU, review of Sita Centre Ouest, Boone Comenor and ISDND Sonzay sites) and TERIS France (BU and Teris Spécialités Roussillon site), Sita Belgique (Vlaanderen and Treatment), Sita Netherlands, Sita Deutschland (BU and Bielefeld site), Sita Czech Republic, SWIRE Sita, Sita UK (BU and Cleveland and Pathhead sites).*

(3) *Energy Europe and International (BEEI): Electrabel, GDF SUEZ North America (Generation North America, LNG America, Energy Marketing North America, Renewable North America, Resources North America, Energy North America, First Light), Enersur, Tractebel Energia, Energia Polska, Distrigaz Sud ; Global Gas and LNG (B3G):Produktion Exploration Deutschland ; Energy France (BEF) : Savelys, CNR, CHP, PPE ; BI :Storengy, GRTGaz, GrDF ; Energy Services (BES) : Endel, Axima France, Fabricom, Inéo (La Défense, RCO and Atlantique sites), Cofely France, Cofely Italia, Cofely Nederland ; Environment (SE) : Sita France (South, West, Ile-de-France), Sita Czech Republic, Sita Netherlands, Sita Poland, Sita UK, Sita Germany, SDEI, Lyonnaise des Eaux France, Degrémont SA, Degrémont International, Palyja, Lydec, United Water.*

We examined, on a sampling basis, the calculations and verified data reporting at different consolidation levels.

Reasonable assurance

For the indicators[1] identified by the symbol ■■, the degree of precision applied to the measurement and the more extensive nature of our work than that previously described, particularly in terms of the number of samplings, enable us to express reasonable assurance.

To assist us in conducting our work, we referred to the environment and sustainable development experts of our firms under the responsibility of Mr. Eric Duvaud for Ernst & Young and Mr. Eric Dugelay for Deloitte & Associés.

Comments on the procedures

GDF SUEZ continued to improve the reliability of environmental and social data reporting processes, notably by taking into account the comments expressed in our auditors' report for fiscal year 2008. We have the following comments with respect to these processes:

Environmental reporting

The internal control systems at branch level have been strengthened. This improvement must nevertheless be continued in certain entities for the following indicators: Relevant revenue covered by EMAS or ISO 14001 certified environmental management systems, Consumption of water used for cooling process, Hazardous waste and by-products discharged and Hazardous waste and by-products recovered.

Social reporting

The harmonization of social reporting tools and procedures contributed to improve the Data collection and consolidation for fiscal year 2009. Nevertheless, the strengthening of the internal control system undertaken over the past years should be pursued for all the entities, particularly for the "percentage of trained workers" and "number of days of sick leave" indicators used for calculating the "work-related accident severity rate".

Conclusion

Moderate assurance

Based on our review, we did not identify any material anomalies likely to call into question the fact that the Data identified by the symbol ■ was prepared, in all material respects, in accordance with the above-mentioned Reporting Criteria.

Reasonable assurance

In our opinion, the Data identified by the symbol ■■ was prepared, in all material respects, in accordance with the above-mentioned Reporting Criteria.

Neuilly-sur-Seine and Paris - La Défense, March 22, 2010

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

(1) The Data is as follows [contribution to group data from the entities selected for our work is mentioned between brackets. It includes the procedures carried out during our on-site visits and also additional work carried out at the entity level.] : Relevant revenue covered by EMAS or ISO1400 certified management systems (64%) ; Renewable energy – installed capacity (83%) ; Renewable energy – electricity and heat produced and sold (87%) ; Primary energy consumption (46%) ; Electricity consumption (74%) ; Fossil fuel energy production (in relation to energy production) (44%) ; Greenhouse gas emissions (excluding vehicle fleet) (49%) ; Pollution load treated (purification) (90%) ; Greenhouse gas emissions sold (incinerators, waste storage centers and water purification stations) (78%) ; Distribution of drinking water – linear loss index (in relation to the quantity of water injected into the network) (86%) ; Total workforce (69%) ; Total executive workers (61%) ; Non-executive workers (senior technicians and supervisors and workers, employees and technicians) (71%) ; Proportion of women in the workforce (65%) ; Percentage of trained workers (67%)

APPENDIX C

TABLE OF GAS, ELECTRICITY AND OTHER ENERGY UNITS OF MEASUREMENT

UNITS OF CONVERSION

1 kWh	0.09 m^3 of natural gas (i.e. 1 m^3 of gas = 11 kWh)
1 GWh	91,000 m^3 of natural gas
1 TWh or 1 billion kWh	91 million m^3
1 billion m^3 of gas	6.2 million barrels of oil equivalent (MBOE)

The units of conversion mentioned above are those routinely used by professionals in the energy sector. In this document they are provided solely for information purposes.

UNITS OF MEASUREMENT

A	Ampere
Bar	Unit of measurement of fluid pressure, particularly for natural gas (1 bar = 105 Pascal)
BOE	Barrel of oil equivalent (1 barrel = 159 liters)
G	Giga (one billion)
GJ	Gigajoule (1 billion joules)
Gm3	Giga m3 (1 billion cubic meters)
GW	Gigawatt (1 billion watts)
GWh	Gigawatt-hour (1 million kilowatt-hours)
HP	High pressure (>15 bars)
HV	High voltage (36kV to 220kV)
J	Joule
k	Kilo (one thousand)
kV	Kilovolt (one thousand volts)
kVA	Kilovolt-ampere (one thousand volt-amperes)
kW	Kilowatt (one thousand watts)
kWh	Kilowatt-hour (one thousand watt-hours): a measure of electricity equivalent to a power consumption of 1,000 watts over one hour
LP	Low pressure (< 0.1 bar)

LV	Low voltage (230 V and 400 V)
m	Meter
M	Mega (one million)
m^2	Square meter
m^3	Cubic meter
MBOE	Million barrels of oil equivalent
MP	Medium pressure (0.1 to 15 bars)
MTPA	Million tons per annum
MV	Medium voltage (1kV to 30kV)
MVA	Megavolt-ampere (one million volt-amperes)
MW	Megawatt (one million watts)
MWe	Megawatt electric
MWh	Megawatt-hour (one thousand kilowatt-hours)
MWp	Megawatt-peak (unit of measurement for the power of solar photovoltaic installations)
MWth	Megawatt thermal
T	Tera (one thousand billion)
t/h	Tons per hour
TWh	Terawatt-hour (1 billion kilowatt-hours)
V	Volt
VHV	Very high voltage (380 kV)
W	Watt

APPENDIX D

ACRONYMS

ADR	American Depositary Receipt
AMF	Autorité des Marchés Financiers (French financial markets authority)
APE	Agence des Participations de l'État (French government shareholding agency)
ATMEA	Third-generation pressurized water reactor developed jointly by AREVA and MHI with a net power output of 1000 MW to 1150 MW.
B to B (business to business)	Business customers
B to C (business to customer)	Retail customers
BU	Business Unit
Call	Option to buy
CAPEX	Capital expenditures
CCS	Carbon capture and storage
CCS ready	Facility set up for future CCS
CIF	Cost, Insurance, Freight: Goods are purchased CIF when the purchase price includes transportation costs and other related charges and duties, including cargo insurance taken out by the seller in the buyer's behalf.
CNR	Compagnie Nationale du Rhône
CO_2	Carbon dioxide
COSO	Committee of Sponsoring Organizations of the Treadway Commission: Non-profit committee responsible for the 1992 establishment of a standard definition of internal control and a framework for evaluating its effectiveness, By extension, this standard is called also COSO.
CRE	Commission de Régulation de l'Énergie - French energy regulato,
CSR	Corporate Social Responsibility
Depleted reserve	Depleted hydrocarbon field
DES	Delivered Ex-Ship: The buyer pays the same price as for CIF, but the transfer of risk does not occur until the ship has arrived at its port of destination (before the goods are unloaded).
E&P	Exploration and production of hydrocarbons
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBITDA	Earnings before interest, taxes, depreciation and amortization (gross operating income)
EEX	European Energy Exchange (German energy exchange)
EGI	Electric and Gas Industries
EGT	E.ON Gas Transport
EMTN	Euro Medium Term Notes
EPR	European Pressurized Reactor (nuclear technology utilizing pressurized water)
ESC	Energy savings certificate
EU	European Union
EU ETS	European Union Emission Trading System

EURIBOR	European Interbank Offered Rate (money market interest rate in Europe)
FM	Facility Management: overall management of the support services of a company by specialist third-party service providers
FOB	Free On Board: Goods are purchased FOB when the purchase price does not include transportation costs and other related charges and duties. The transfer of ownership takes place when the goods are loaded onboard the ship at the port of departure.
GEP	Gas Exchange Point
GHG	Greenhouse gases
GI	Global Integration
GIE	Groupement d'intérêt économique - Economic Interest Group (EIG)
Greenfield	New plant construction
H-gas	Gas with high heating value
HHV	Higher heating value
HVAC	Heating, Ventilation, Air-conditioning
IAEA	International Atomic Energy Agency
IEA	International Energy Agency
IFP	Institut Français du Pétrole (French Petroleum Institute)
IFRS	International financial reporting standards established by the IASB (International Accounting Standards Board).
IPP	Independent Power Producer
IRR	Internal Rate of Return (of an investment)
IS	Information System
IWPP	Independent Water and Power Producer
L-gas	Gas with low heating value
LHV	Lower Heating Value
LIBOR	London Interbank Offered Rate (Money market interest rate in London)
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
NGO	Non-Governmental Organization
NGV	Natural Gas for Vehicles
NOx	Nitrogen oxide
NRE	New and renewable energy sources: including wind, solar and hydraulic.
NYMEX	New York Mercantile Exchange (commodities exchange)
OCF	Operating cash flow
OECD	Organization for Economic Cooperation and Development
OPA	Offre Publique d'Achat - Tender Offer
OPE	Offre Publique d'Échange - Share Exchange Tender
OPEC	Organization of Petroleum Exporting Countries
OPEX	Operating expenses
OTC	Over-the-counter
PI	Proportional Integration

D APPENDICES

ACRONYMS

PPA	Power purchase agreement: Contract for the purchase/sale of electricity, often long-term
PPP	Public-Private Partnership
PSR	Preferential subscription right
Put	Option to sell
PWR	Pressurized Water Reactor
R&D	Research and Development
RAB	Regulated asset base
RECS	Renewable Energy Certificate System: Harmonized European system of traceability and certification of electricity of renewable origin
ROCE	Return on Capital Employed
ROE	Return on Equity
RPI	Retail Price Index
RTE	Réseau de Transport d'Électricité - French electricity transmission network (wholly-owned subsidiary of EDF)
SAP	Systems, Applications and Products in data processing (integrated software package for IT and management)
SHEM	Société Hydroélectrique du Midi
SME	Small and medium-size companies
SO_2	Sulphur dioxide
SRV	Shuttle and Regasification Vessel: LNG carrier with onboard regasifiers that can connect to an underwater buoy. This allows the regasified LNG to be delivered directly into a transmission and storage network.
SSR	Special Solidarity Rate
STMFC	Société du Terminal Méthanier de Fos Cavaou
THT	Tetrahydrothiophene (synthetic odorant for natural gas)
TMO	Taux mensuel obligataire - a monthly bond yield measured on the basis of the gross yield-to-maturity on fixed-rate bonds with at least 7 years to maturity issued on the French market in a given month.
TOP	Take or Pay
TP	Titre participatif - Irredeemable and non-voting securities
TPA	Third Party Access or Open Access
TPA-d	Third party access to distribution network
TPA-s	Third party access to storage facilities
TPI	Titre au Porteur Identifiable - Identifiable Bearer Security
TSR	Total Shareholder Return
TTF	Title Transfer Facility (virtual gas exchange point in the Netherlands)
VaR	Value-at-Risk
VPP	Virtual Power Plant

APPENDIX E

GLOSSARY

American Depositary Receipt	Registered certificates issued by a US bank in exchange for the deposit of a certain number of foreign shares in its accounts by a foreign company seeking to be listed in the United States. The bank manages the flow of dividends and the shareholder register for the issuer. ADRs are classified by level (1 – 4) according to the level of information required by the Securities and Exchange Commission, with Level 3 corresponding to a complete listing.
Arbitrage	Transaction consisting in exploiting the price differences between energy markets through the simultaneous purchase and sale of two contracts.
Autorité des Marchés Financiers	French financial markets authority: French regulator in charge of ensuring compliance with rules governing the French stock market (including admission rules, operations of the market and participants and monitoring of information disclosed to the market).
Balancing area	The set of entry points, delivery points and a trading point of gas within which the consignor must achieve a balance.
Benchmark	An excellent level of performance achieved by players in a sector, which underperforming players use as a target in an effort to bring their own performance up to the level of the benchmark. Benchmarks are often used as efficiency ratios: sales margin, profitability, sales turnover compared with capital employed, etc.
Biofuel	Fuel produced from biomass.
Biogas	All gases, such as methane and carbon dioxide, resulting from the fermentation of organic waste in a depleted air environment such as landfills and wastewater treatment plants. Such fermentation is the result of a natural or controlled bacterial activity. As such, biogas is classified as a renewable energy source.
Biomass	Mass of non-fossil organic matter of biological origin. Part of these stocks may be used as an energy source.
Butane (C4H10)	Liquefied petroleum gas (LPG) sold in cylinders. It has a liquefaction temperature of 0°/10°C at ordinary pressure conditions.
CAC 40	*Cotation Assistée en Continu:* The reference index of the Paris stock exchange, calculated on a sample of 40 securities chosen from companies with the largest market capitalizations. GDF SUEZ and SUEZ Environnement Company shares are included in the CAC 40.
Calorie	The quantity of heat needed to raise the temperature of one gram of water by one degree Celsius under normal atmospheric pressure.
Certified Emission Reduction (CER)	Certificate issued to industries that have invested in developing countries to reduce greenhouse gas emissions there. CERs cannot be directly traded, but may be used in place of CO_2 quotas, with one CER equal to one quota.
Chartering	A contract whereby a ship owner (the owner) commits to make a vessel available to a third-party (the charterer) in exchange for the payment of a sum (the freight charge). Several kinds of charters exist: • demise charter: the vessel is delivered without any crew, fuel, or provisions; • voyage charter: the owner commits to transfer a cargo from one port to another at an agreed price; • time charter: the owner provides the charterer with the vessel for a specific time period (up to 20 years) together with crew, in return for a monthly fee based on tonnage.

1 2 3 4 5 6 7 8 9 10 11 12 A

Cogeneration – combined heat and power	A technique that uses a single fuel, which may be natural gas, to simultaneously produce thermal energy (steam or overheated water or a mixture of air and combustion products) and electricity.
Combined cycle plant	A power plant comprising a gas turbine generator whose exhaust gases power a steam boiler. The steam produced in the boiler drives a turbo-generator.
Commercial paper	Negotiable debt securities issued by a company on the money market for maturities ranging from 10 days to one year. In practice, the average maturity of commercial paper is very short (between one and three months). Commercial paper is the main one-to-one instrument in the US which enables companies to take out short-term loans directly from other companies without going through a bank, by obtaining terms that are similar to the money market.
Commission de Régulation de l'Electricité et du Gaz – CREG (Belgium)	The Belgian Gas and Electricity Regulation Commission is an independent body that advises public authorities on the organization and operation of the deregulated electricity and gas markets. It also monitors and supervises the enforcement of related laws and regulations. A General Council, composed of federal and regional representatives, representatives of labor, employers and the middle class, environmental associations and producers, distributors and consumers, supervises this body's operations. The Commission assumed the duties of the Electricity and Gas Supervision Committee with respect to the regulated portion of the market.
Commission de Régulation de l'Énergie – CRE (France)	The French Energy Regulation Commission is an independent administrative authority. It was created by the Act of February 10, 2000 to regulate electricity and its scope was extended to include the gas sector with the Act of January 3, 2003. Its main mission is to ensure the effective, transparent and non-discriminatory implementation of access to electricity and gas infrastructures. More generally, its role is to ensure that the gas and electricity markets operate properly.
Compression station	Industrial facility that compresses natural gas to optimize the flow of fluids in the pipes.
Connection	Transmission installation ensuring delivery between the transmission grid and one or more delivery points, and aimed exclusively or primarily at supplying a customer or a distribution network. Connections are components of the network.
Connection structures	Structures that connect a consumption site or distribution network to the transmission grid. Connection structures are made up of one or more distribution lines and one or more substations
COSO 1 COSO 2	***COSO 1*** proposes an Internal Control management framework. Internal Control is a process implemented by the Board of Directors, executives and employees of an organization to provide reasonable assurance as to the achievement of the following goals: • performance and optimization of operations; • reliability of financial information; • compliance with applicable laws and regulations. ***COSO 2*** proposes an Enterprise Risk Management Framework. Enterprise Risk Management is a process implemented by the Board of Directors, executives and employees of an organization, is used to develop company-wide strategy and designed to: • identify potential events that could affect the organization; • control risks to keep them within the limits of the organization's "risk appetite" (see below); • provide reasonable assurance as to the achievement of the organization's targets. COSO 2 includes some elements of COSO 1 in the former's third point and supplements it with regard to the concept of risk management. COSO 2 is based on a risk-oriented vision of the company.
Cryogenic	Relating to very low temperatures (minus 100 degrees Celsius and below).
Cushion gas	Quantity of gas stored underground that cannot be fully retrieved after it has been injected.
Dark spread	Gross margin of a coal plant, equal to the difference between the sale price of electricity and the purchase price of the fuel needed to produce it. The "dark spread" must cover the aggregate of other costs (including operation, maintenance, cost of capital and financial charges).
Degree-days of heating	Degree-days of heating represent, in a given heating season, the sum of the difference between the mean daily temperature and a base temperature (equal to 16.3 degrees Celsius for France) for the days where the mean is below this base. The colder it is, the higher the number of degree days.
Desalination	A process used to reduce the salt concentration of sea water in order to make it fit for human or animal consumption as well as for other uses, especially industrial uses.
Developed proven reserves	Reserves that can be produced from existing facilities.
Disclosure of thresholds	Thresholds for the purchase or sale of shares or voting rights in a company defined in its bylaws, beyond which the buyer must disclose the exact number of shares that it holds and, possibly, its intentions.

1 2 3 4 5 6 7 8 9 10 11 12 A

Distribution	Distribution networks are groups of physical structures consisting mainly of medium or low-pressure pipes. They route natural gas to consumers who are not directly connected to the main network or to a regional transmission network.
Distribution network	Network for distributing natural gas (at medium or low pressure) within a specified region or company.
Downstream	Activities consisting of the transmission, distribution and storage of natural gas, and related services.
Earnings before interest, taxes, depreciation and amortization (EBITDA)	EBITDA expresses the amount of funds that the company generates from its operating cycle before deducting related financing costs. It corresponds to operating income (earnings) before depreciation, amortization and provisions, plus the share in the current income of equity affiliates and net financial income not related to net debt.
EBITDA at Risk	EBITDA at Risk measures the potential loss of EBITDA, at a given probability, under the impact of various prices and volatilities over a given time horizon. This indicator is especially well-suited for measuring market risk for portfolio management activities. If the time horizon provided is one calendar year, and the confidence interval is 95%, an EBITDA at Risk of €100 million indicates that there is a 5% probability of losing more than €100 million in EBITDA between January 1 and December 31 due to fluctuations in commodities prices.
Electric and Gas Industries (EGI)	All the companies that produce, transport or distribute electricity or gas in France and which meet the requirements of the Nationalization Act of April 8, 1946. The EGI sector includes all companies with employees that fall under the status of EGI employees.
EMTN	When the company plans several bond issues in the medium term, it can issue an “umbrella” prospectus to cover all of them: the EMTN issue (Euro Medium Term Notes). This type of documentation allows the company to tap the market very rapidly, when it needs to or when the market is attractive.
Energy trading	Trading of physical or financial contracts on the short-term energy markets (over-the-counter markets and stock exchanges).
Environmental, Management and Audit System (EMAS)	A certificate based on ISO 14001 certification and a published environmental statement certified by European auditors accredited by the European Commission.
EU ETS	European Union Emission Trading System, created based on a 2003 European directive and in force since January 1, 2005 for the CO_2 emissions of certain industrial sectors.
EURIBOR	The European money-market rate corresponding to the arithmetic mean of rates offered on the European banking market for a given maturity (between one week and 12 months). EURIBOR is published by the European Central Bank based on daily quotes provided by 64 European banks
European Committee for Standardization (ECS or CEN)	An organization made up of the standardization institutes of the European Community (EEC) and the European Free Trade Association (EFTA).
European Pressurized Reactor (EPR)	European concept for a third-generation nuclear power plant.
Exploration	All methods put to use to discover new hydrocarbon deposits.
Facility Management	All the outsourced service and utility management services that accompany the supply of energy to an industrial client. These services concern the management of the client’s environment. They include guard services, waste and hygiene, operation and maintenance of technical equipment, project management for construction work, management of safety equipment and telephone and reception services.
Fuel cell	New process for producing electricity and heat with a very high electrical efficiency and a reduced environmental impact (no sound nuisance or emission of gaseous pollutants such as carbon monoxide, nitrogen oxide, soot and other particles). The heart of the process is the direct conversion of the chemical energy of the fuel into electricity. The heat produced may be used in cogeneration, with an overall efficiency that achieves a Low Heating Value (LHV) of at least 80%.
Gas Exchange Point (GEP)	Virtual hub attached to a balancing area where a consignor can sell gas to another consignor.
Gas hub	Point of entry (connection point of a gas transmission network supplied from different sources). It enables operators to physically exchange gas between these sources and end users.
Gas pipeline	A pipeline that conveys fuel gas.
Gas to Liquid (GTL)	Technology used to transform natural gas or gas from coking plants into a synthetic liquid fuel that does not contain any sulfur, paraffin and aromatic compounds.
Green electricity	Certified electricity produced from renewable energy sources.

Greenhouse Gases (GHG)	Atmospheric gas that contributes to the retention of solar heat. Industries, automobiles, heating systems, animal breeding and other activities produce gases, some of which heighten the greenhouse effect. The greenhouse gas build-up produced by human activity is one of the causes of global warming and its impacts on the ecosystem.
Higher heating value (HHV)	Quantity of heat released by the complete combustion of one unit of fuel, assuming that the water vapor created is condensed and the heat is recovered.
IAS (International Accounting Standards)	Set of accounting standards drawn up by the IASB up to 2002.
IASB (International Accounting Standards Board)	Private body founded in 1973 by the public accounting institutes of nine countries. Its primary objectives are to establish generally accepted accounting standards at the international level and promote their use. More generally, it seeks to standardize accounting practices and the presentation of financial statements at an international level. The IASB has 14 independent members.
IFRS (International Financial Reporting Standards)	Set of accounting standards drawn up by the IASB since 2002.
Independent Power Producer (IPP)	An electricity production company independent of public sector control. IPPs are classified exclusively on the basis of the projects developed outside the country of origin.
ISO (International Organization for Standardization)	Organization that defines reference systems (industrial standards used as benchmarks).
ISO 14001	An international standard that verifies a company's organizational procedures and methods, as well as the effective implementation of environmental policy and objectives.
ISO 9001	An international standard establishing quality criteria for work procedures. It applies to product design, control of the production and the manufacturing process and the quality control of the end product.
Leachates	Water containing organic or mineral pollutants that has been in contact with landfill waste.
LIBOR (London Interbank Offered Rate)	The money-market interest rate in London, which corresponds to the arithmetic mean of rates offered on the London banking market for a given maturity (between one and 12 months) and given currency (euro, pound sterling, US dollar).
Liquefied Natural Gas (LNG)	Natural gas put into the liquid phase by lowering its temperature to -162 degrees Celsius, which makes it possible to reduce its volume by a factor of at least 600.
Liquefied Petroleum Gas (LPG)	Light hydrocarbons that are gaseous under normal temperature and pressure conditions and maintained in a liquid state by raising the pressure or lowering the temperature.
LNG carrier	A ship that transports liquefied natural gas (LNG) cooled to minus 163 degrees Celsius in its holds.
LNG terminal	Industrial facility that receives, unloads, stores, regasifies LNG and sends natural gas in the gaseous state to the transmission grid. Harbor facility with additional facilities, intended to receive ships that transport liquefied natural gas (LNG)
Load-matching	Term referring to the discrepancy between the actual conditions of a customer's gas consumption and those corresponding to standard purchases over the year of their average daily consumption. Covering the variations (daily, weekly or seasonal) of consumption is generally assured by underground storage, to which customers and their suppliers may have access, either directly (in countries where third-party access to the facilities – regulated or negotiated – is provided) or via a load-matching service (as in the US).
Lower heating value (LHV)	Quantity of heat released by the complete combustion of one unit of fuel, assuming that the water vapor created is not condensed and the heat is not recovered.
Main network	All the high-pressure and large-diameter structures for transmitting natural gas that link the interconnection points with neighboring transmission grids, storage facilities and LNG terminals. These structures are connected to regional networks as well as certain industrial consumers and distribution networks.
Marketer	Seller of energy to third parties (end customer, distributor, etc.).
Mercaptans (Thiols)	Family of organic sulfur compounds that give off a pungent smell that persists even when there is a low concentration in the air. They are used to give an odor to natural gas.
Methane (CH_4)	Colorless and inflammable gas. It has a density of 0.555 and is released naturally in decaying organic materials. It is the main component of natural gas.

National Balancing Point (NBP)	Virtual exchange for the purchase and sale of natural gas in the United Kingdom. It is the price and delivery point for the IPE's (International Petroleum Exchange) spot market.
Natural gas for vehicles (NGV)	Wholly composed of natural gas, NGV emits less carbon dioxide, nitrogen oxides and harmful particles than a gasoline-powered vehicle. NGV is also more economical to use.
Natural gas liquefaction	Transformation of natural gas from the gaseous form to liquid form to be transported by ship or stored.
Negotiated third-party network access	Network access terms are negotiated between network managers and market players (eligible customer, producer, etc.) on a case-by-case basis.
Net income attributable to equity holders of the parent	The Group's consolidated net income less the share of income attributable to minority shareholders (i.e., shareholders of fully consolidated Group subsidiaries that are not wholly owned by the Group).
Open season	A public offer aimed at assessing the market's appetite for a new facility or additional capacity in an existing facility (LNG terminal, pipeline, etc.).
PIBOR (Paris Interbank Offered Rate)	The money-market rate corresponding to the arithmetic mean of offered rates on the Paris banking market for a given maturity (between one and 12 months). It was replaced by EURIBOR on January 1, 1999.
Preferential subscription right	Right attached to each existing share that allows its owner to subscribe to the issue of new shares. Under this mechanism, the existing shareholder has a priority right to subscribe to a capital increase, which may be sold at any time during the transaction. This is a monetary right that is used to adjust the issue price to the market value of the share.
Probable reserves	Estimate of the hydrocarbon quantities that can be extracted in the future, based on existing deposits and with a probability of at least 50% according to geological and technical data. Extraction must meet economic criteria that take into account future price changes, the appreciation of hydrocarbons and exchange rates.
Proven reserves	Estimates of crude oil, natural and liquid gas quantities based on geological and technical data with the reasonable assurance that these quantities will be extracted in coming years from existing deposits or under certain economic and operational conditions, namely the prices and costs on the date of the estimate.
PSI	*Prestataire de services d'investissement* – Investment services provider approved by the Committee of European Bank Supervisors to transmit and process market orders (equivalent of stockbroker).
Public-Private Partnership (PPP)	A contractual arrangement adapted to each local situation whereby the public sector authority assigns certain missions to a private operator and specifies objectives. The public sector partner defines the service objectives of the private operator, while retaining ownership of the infrastructure and regulatory control. Local authorities are increasingly resorting to PPP agreements in managing water services.
RAB	The regulated asset base is the economic value, recognized by the regulator, of assets utilized by an operator of regulated infrastructures.
Reference Document	Document submitted each year for review by the AMF. It may take the form of an annual report for a given fiscal year, and contains complete information on the company's business, financial position and outlook.
Regional network	All the high-pressure and large-diameter structures that link the interconnection points with neighboring transmission grids, storage facilities and LNG terminals. Regional networks, distribution networks and certain industrial consumers are connected to them.
Regulated third-party network access	In this case, the French regulatory authority proposes the network access rates. Access terms are transparent and non-discriminatory for users
Rights in kind of licensors	The "Rights in kind of licensor" line item is an item specifically pertaining to companies that are utility operators. It offsets "fixed assets held under concession" on the balance sheet. Its valuation expresses the operator's obligation at the end of the contract to assign to the licensor, at no cost, the fixed assets assigned to the licensed utilities, such that at the end of a given contract, the value of the "Rights in kind of licensor" is equal to the carrying amount of fixed assets that are to be returned to the licensor.
Sarbanes-Oxley	In the Unites States, the Sarbanes-Oxley Act is intended to strengthen the responsibility of company executives with respect to Internal Control and external disclosure and to conduct an in-depth review of the operating and oversight rules of the accounting profession.
Spark spread	Gross margin of a natural gas plant, equal to the difference between the sale price of electricity and the purchase price of the fuel needed to produce it. The "spark spread" must cover all other costs (including operation, maintenance, cost of capital and financial costs).

Spin-off	A demerger consisting in the separation of the branches of a group into distinct companies. The shares of the newly-created company are distributed to shareholders in exchange for shares of the original group)
Spot market	A market for the short-term purchase and sale of energy (for the day or up to three years).
Storage	Facility where natural gas may be stored in the summer when consumption is at its lowest and taken out of storage in winter when consumption is higher. Gas storage is an industrial facility, mainly underground, that enables natural gas suppliers to have a natural gas reserve.
Storage center	Formerly known as a "controlled landfill" site, a waste storage facility that requires authorization. The technical facilities depend on the type of waste handled (household waste, ordinary industrial waste, special industrial waste or inert waste). There are many regulatory operating constraints aimed at controlling the impacts of this treatment process on human beings and the environment.
Take-or-Pay	Long-term contract where the producer guarantees the supply of gas to an operator and the operator guarantees payment, regardless of whether or not the operator takes delivery.
Tax credit	Offset mechanism created by certain countries to avoid the double taxation of dividends (with respect to corporate income tax and the investor's income), which involves neutralizing the effect of corporate income tax at the investor's level. In the US, the tax credit has been cancelled and replaced by a 40% reduction on the amount of dividends included in taxable income.
Third-party network access	Recognized right of each user (eligible customer, distributor and producer) to access transmission or distribution systems in exchange for payment of access rights.
Title Transfer Facility (TTF)	Virtual trading point for natural gas in the Netherlands, set up by Gasunie in 2003. It is almost identical to the National Balancing Point (NBP) in the United Kingdom and allows gas to be traded within the Dutch network.
Titre au Porteur Identifiable (TPI)	*Titre au Porteur Identifiable* (identifiable bearer securities): mechanism defined in the bylaws of a listed company that allows the approved account holders to know all or part of bearer shareholders at a given accounting date. The list of these shareholders is sent to the issuer. Identifiable bearer securities enable all issuers of securities to know the identity of bearer shareholders by requesting this information from Euroclear.
Titre participatif	Irredeemable and non-voting securities: a "*titre participatif*" is a security that falls midway between a stock and a bond. It resembles a bond in that it distributes a coupon and has no voting rights attached; it is similar to a stock in that it is not redeemable. For tax purposes it is treated as a bond.
TMO	*Taux mensuel obligataire* - a monthly bond yield measured on the basis of the gross yield-to-maturity, by issuance and before fees, on fixed-rate bonds with at least seven years to maturity issued on the French market in a given month. The TMO is published by Ixis CIB.
Tolling	Contract for the transformation of a fuel (e.g., natural gas) into electricity on behalf of a third party.
Total Shareholder Return (TSR)	Return of a share over a given period that includes dividends paid and capital gains realized.
Traditional thermal power plant	Facility in which the chemical energy contained in solid, liquid, or gaseous fossil fuel is transformed exclusively into electricity using boilers and steam turbines
Transmission	Transmission networks are groups of structures consisting of high-pressure pipes. They convey natural gas to industrial consumers who are directly connected and to distribution networks.
Transmission capacity	The highest permissible continuous load of the transmission equipment with respect to the stability of its operating parameters and voltage drop.
Transmission grid	Network that delivers energy at high pressure (> 60 bars) to distribution networks located downstream of the grid.
Treasury stock	Own shares of a company which it acquires for internal purposes, such as to support stock options plans
Treasury stock (in subsidiaries)	Shares of a company owned by subsidiaries controlled by the company. They do not carry voting rights.
Underground storage	Use of porous geological formations, natural or artificial cavities (saline or aquifer) to store liquid or gaseous hydrocarbons.
Undeveloped proven reserves	Reserves that require new wells to be drilled on virgin territory, or significant extra investment in existing facilities, such as a compression unit.
Upstream	Hydrocarbon exploration and production activities

Value-at-Risk (VaR)	Value-at-Risk is a global indicator that measures the portfolio's exposure to risks of price fluctuations and market volatility. It indicates maximum potential loss that should only be exceeded with a given probability over a given time horizon. This indicator is especially well-suited for measuring market risk for trading activities. For example, for a one-day time horizon and 99% confidence interval, a VaR of €5 million indicates that there is a 1% probability of losing more than €5 million dollars a day, i.e., such could occur two to three times in a year.
Well head	All the connections, valves, pipes, manometers, thermometers, etc. installed at the production well top.
Working volume	Gas available in underground storage and capable of being tapped.

APPENDIX F

COMPARISON TABLE BETWEEN REGULATION (EC) 809/2004 AND THE REFERENCE DOCUMENT

This Reference Document includes all the items required by Appendix 1 of the Regulation (EC) 809/2004, as presented in the table below:

Information required under Appendix 1 of regulation (EC) 809/2004	Corresponding sections of the reference document
1. PARTIES RESPONSIBLE	12. Parties responsible
1.1. Parties responsible	12.1. Parties responsible for the Reference Document
1.2. Declaration by the persons responsible	12.2. Declaration by the parties responsible for the Reference Document containing the annual financial report
2. STATUTORY AUDITORS	
2.1. Statutory Auditors	
2.2. Resignation or departure of Statutory Auditors	11.1. Statutory Auditors
3. SELECTED FINANCIAL INFORMATION	1.2.1 Group financial Data
4. RISK FACTORS	5. Risk factors
5. INFORMATION ABOUT THE ISSUER	
5.1. History and development of the Company	1.1.2. History and evolution of the Company
5.2. Investments	
5.2.1. Principle investments	6.1.4.2. Net investments (excluding maintenance)
5.2.2. Major investments in progress	1.3. Strategic priorities
5.2.3. Major investments planned by the issuer	1.3. Strategic priorities
6. BUSINESS OVERVIEW	
6.1. Principal activities	1.1.1. General presentation 1.1.3. Organization 1.2. Group Key Figures 1.3. Strategic Priorities 1.6. The energy sector around the world and in Europe 2.1. Organization of activities and description of business lines
6.2. Principal markets	1.5. Competitive Environment 1.6. The energy sector around the world and in Europe 2.1. Organization of activities and description of business lines
6.3. Exceptional events	N/A
6.4. Degree of dependence on patents, licenses or contracts	2.3. Innovation, research and development policy 5.3.1.2. Dependence on a limited number of suppliers in some activities, notably for natural gas purchases 5.3.2.1. Dependence on a limited number of customers in certain activities, notably in electricity sales and water concessions
6.5. Competitive position	1.5. Competitive Environment

Information required under Appendix 1 of regulation (EC) 809/2004	Corresponding sections of the reference document
7. ORGANIZATIONAL STRUCTURE	
7.1. Brief description of the Group	1.1.3. Organization
7.2. List of significant subsidiaries	11.2. Consolidated Financial Statements – Note 29 (List of the main consolidated companies at December 31, 2009)
8. PROPERTY, PLANT AND EQUIPMENT	
8.1. Material tangible fixed assets	2.2. Property, plants and equipment
8.2. Environmental issues potentially affecting the use of the tangible fixed assets	3.2. Environmental Commitments
9. OPERATING AND FINANCIAL REVIEW	6.1. Management Report
10. CAPITAL RESOURCES	6.2. Cash and shareholders' equity
10.1. Shareholders' equity	6.2.1. The Issuer's equity
10.2. Cash flows	6.1.4. Changes in net debt
10.3. Borrowing requirements and funding structure	6.2.2. Financial structure and borrowing conditions applicable to the Issuer 8.6. Non-equity 11.2. Consolidated Financial Statements – Note 14 (Financial Instruments)
10.4. Restrictions regarding the use of capital	6.2.3. Restrictions on the use of capital
10.5. Anticipated sources of funds needed to fulfill commitments related to investment decisions	6.2.4. Expected sources on financing to honor commitments relative to investment decisions
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	2.3. Innovation, research and development policy
12. TREND INFORMATION	
12.1. Significant recent trends in production, sales and inventory, and costs and selling prices	1.3. Strategic priorities 6.1.1. Revenue and earnings trends
12.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	6.1.7. Outlook for 2010
13. EARNINGS FORECASTS OR ESTIMATES	N/A
14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
14.1. Information concerning the members of corporate governance bodies and senior management	7.1.1. Board of Directors: Composition – Terms of office – Information – Independence 7.1.6.2. Management Committee 7.1.6.3. Executive Committee
14.2. Conflicts of interest in administrative, management, and supervisory bodies and senior management	7.1.1.8. Independence of Directors in office
15. COMPENSATION AND BENEFITS	
15.1. Amount of compensation paid and benefits in kind	7.4. Compensation and benefits paid to members of corporate governance bodies
15.2. Total amounts set aside or accrued to provide pension, retirement or similar benefits	7.4.3. Retirement provision
16. BOARD PRACTICES	
16.1. Term of office of Directors	7.1.1.2. Members of the Board of Directors at December 31, 2009 7.1.1.5. Expiration date of the terms of Directors in office
16.2. Service contracts with the Directors providing for benefits upon their termination	7.3.4. Service contracts binding members of corporate governance bodies
16.3. Audit Committee and Compensation Committee	7.1.6.1. Standing committees of the Board of Directors: Composition – Operation – Activities
16.4. Compliance with applicable corporate governance regime(s)	7.2. Code of governance and ethical principles

1 2 3 4 5 6 7 8 9 10 11 12 A

Information required under Appendix 1 of regulation (EC) 809/2004	Corresponding sections of the reference document
17. EMPLOYEES	
17.1. Number of employees and breakdown by category	4.7. Social data
17.2. Shareholding and stock options	7.1.1.7. Number of GDF SUEZ shares and stock options held by Directors in office 7.4. Compensation and benefits paid to members of corporate governance bodies
17.3. Arrangements for involving employees in the capital of the issuer	4.4. Employee profit sharing agreements
18. MAJOR SHAREHOLDERS	
18.1. Statutory disclosure thresholds	9.4. Statutory Disclosure Thresholds
18.2. Voting rights	8.1. Share Capital and Voting Rights
18.3. Control	9.2. Breakdown of Share Capital – Changes In Shareholding – Shareholder Profiles 9.3. Golden Share
18.4. Agreements relating to change of control	9.3. Golden Share
19. RELATED PARTY TRANSACTIONS	7.3. Regulated agreements and transactions with related parties
20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
20.1. Historical financial information	11.2. Consolidated Financial Statements 11.3. Statutory Auditor's report on the consolidated financial statements 11.4. Parent Company Financial Statements 11.5. Statutory Auditor's report on the statutory financial statements
20.2. Pro forma financial information	N/A
20.3. Consolidated financial statements	11.2. Consolidated Financial Statements 11.3. Statutory Auditor's report on the consolidated financial statements
20.4. Auditing of historical annual financial information	
20.4.1. Statement of audit of historical financial information	11.3. Statutory Auditor's report on the consolidated financial statements 11.5. Statutory Auditor's report on the statutory financial statements
20.4.2. Other information in the Reference Document which has been audited by the statutory auditors	N/A
20.4.3. Source of financial information appearing in the Reference Document which is not extracted from the issuer's audited financial statements	N/A
20.5. Age of latest financial information	11.2. Consolidated Financial Statements 11.4. Parent Company Financial Statements
20.6. Interim and other financial information	N/A
20.7. Dividend Policy	9.5. Dividend distribution policy
20.8. Legal and arbitration proceedings	10.2. Legal and arbitration proceedings
20.9 Significant change in the issuer's financial or trading position	11.2. Consolidated Financial Statements – Note 28 (Subsequent Events)

Information required under Appendix 1 of regulation (EC) 809/2004	Corresponding sections of the reference document
21. ADDITIONAL INFORMATION	
21.1. Share Capital	
21.1.1. Authorized capital and shares issued	8.1. Share capital and voting rights 8.2. Potential capital and share equivalents 8.3. Authorizations related to the share capital and their utilization
21.1.2. Shares not representing capital	8.6. Non-equity
21.1.3. Shares held by the issuer or its subsidiaries	8.5. Stock repurchase
21.1.4. Convertible securities, exchangeable securities or securities with warrants	N/A
21.1.5. Vesting rights and/or obligations attached to authorized but unissued capital or an undertaking to increase the capital	N/A
21.1.6. Options on the capital of members of the Group	N/A
21.1.7. History of share capital	8.4. Five-year summary of changes in the GDF SUEZ share capital
21.2. Incorporating documents and bylaws	10.1. Incorporating documents and bylaws
21.2.1. Issuer's objects and purposes	10.1.1. Issuer's corporate purpose
21.2.2. Provisions concerning administrative, management and supervisory bodies	10.1.2. Corporate governance bodies
21.2.3. Rights, privileges and restrictions attached to shares	10.1.3. Rights, privileges and restrictions attached to shares
21.2.4. Amending the rights of shareholders	10.1.4. Change in rights attached to shares
21.2.5. Shareholders' Meetings	10.1.5. Shareholders' Meetings
21.2.6. Provisions having an effect of delaying, deferring or preventing a change in control of the issuer	9.3. Golden Share 10.1.3. Rights, privileges and restrictions attached to shares
21.2.7. Disclosure of crossing statutory thresholds	10.1.6. Provisions relating to the disclosure of interests
21.2.8. Changes in the share capital	10.1.7. Changes in share capital
22. MATERIAL CONTRACTS	6.2. Cash and shareholders' equity 11.2. Consolidated Financial Statements – Note 2 (Main changes in Group structure)
23. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	N/A
24. DOCUMENTS ON DISPLAY	10.3. Documents accessible to the public
25. INFORMATION ON HOLDINGS	11.2. Consolidated Financial Statements – Note 29 (List of the main consolidated companies at December 31, 2009)

APPENDIX G

INFORMATION RELATED TO THE COMPANY'S MANAGEMENT REPORT

This Reference Document includes all items of the management report that are required under current laws and regulations.

The following table presents items from the GDF SUEZ Management Report at December 31, 2009:

Legislative or regulatory reference	Items required	Section of the Reference Document
I – Activity		
L. 232-1 of the French Commercial Code	Company's situation over the past fiscal year	Section 6.1. Management Report Section 11.2. Consolidated Financial Statements
	Foreseeable developments and future outlook	Section 6.1.7. Outlook for 2010
	Significant events which have occurred between the balance sheet date and the date on which the Management Report was drawn up	Section 11.2. Consolidated Financial Statements – Note 28 (Subsequent Events)
	Research and development activities	Section 2.3. Innovation, research and development policy Section 11.2. Consolidated Financial Statements – Note 10.2 (Research and development costs)
R. 225-102 para. 1 of the French Commercial Code	Activities of the Company and its subsidiaries over the past fiscal year	Section 1.1.1. General presentation Section 1.1.3. Organization Section 1.2. Group key figures Section 1.3. Strategic priorities Section 1.6. The energy sector around the world and in Europe Section 2.1. Organization of activities and description of business lines
L. 233-6 para. 2 of the French Commercial Code	Activities and revenues of the Company and its subsidiaries by business line	Section 6.1.1. Revenue and earnings trends Section 6.1.2. Business trends
L. 225-100 para. 3 (1st sentence) and para. 5 of the French Commercial Code L. 225-100-2 para. 1 of the French Commercial Code	Information relating to business trends, results and financial situation of the Company and the Group (particularly debt situation)	Section 6.1. Management Report Section 6.2.2.1. Debt structure
L. 225-100 paras. 4 and 6 of the French Commercial Code L. 225-100-2 paras. 2 and 4 of the French Commercial Code	Description of the principal risks and uncertainties and indication on the use of financial instruments, for the Company and the Group	Section 5. Risk factors Section 11.2. Consolidated Financial Statements – Note 15 (Management of risks arising from financial instruments)
L. 441-6-1 of the French Commercial Code D. 441-4 of the French Commercial Code	Information on terms of payment with suppliers	Section 6.1.6. Parent Company Financial Statements

Legislative or regulatory reference	Items required	Section of the Reference Document
II – Financial information		
L. 233-13 of the French Commercial Code	Breakdown and changes in shareholding structure	Section 9.2. Breakdown of Share Capital – Changes in Shareholding – Shareholder Profiles Section 9.3. Golden Share Section 9.4. Statutory disclosure thresholds
	Names of controlled companies with a stake in the Company's treasury stock and proportion of capital held thereby	N/A
L. 232-6 of the French Commercial Code	Changes in the presentation of the annual financial statements and in evaluation methods used	Section 11.2. Consolidated Financial Statements – Note 1 (Summary of significant accounting policies) Section 11.4.2. – Note A (Summary of significant accounting policies)
L. 233-6 para. 1 of the French Commercial Code	Main changes in group structure occurring over the fiscal year in companies having their head office in France	Section 11.2. Consolidated Financial Statements – Note 2 (Main changes in Group structure)
R. 225-102 para. 2 of the French Commercial Code	Table showing Company's results for each of the last five fiscal years	Section 11.4.4. Five year financial summary
L. 225-211 of the French Commercial Code	Purchase and sale by the Company of its own shares	Section 8.5. Stock Repurchase Section 11.2. Consolidated Financial Statements – Note 16 (Equity)
L. 225-102 para. 1 L. 225-180 of the French Commercial Code	Employee's stake in share capital	Section 9.2. Breakdown of Share Capital – Changes in Shareholding – Shareholder Profiles Section 4.4. Employee profit sharing agreements
L. 225-102 para. 2 of the French Commercial Code	Shares acquired by employees in a transaction	N/A
L. 225-100 para. 7 of the French Commercial Code	Table summarizing current authorizations granted by the Shareholders' Meeting in terms of capital increases	Section 8.3. Authorizations related to the share capital and their utilization
R.228-90 and R. 228-91 of the French Commercial Code	Any adjustments for share equivalents in the event of share buybacks or financial transactions	N/A
III – Legal and fiscal information		
Article 243-a of the French Tax Code	Amount of dividends distributed for the previous three fiscal years	Section 9.5. Dividend distribution policy
L. 464-2 I para. 5 of the French Commercial Code	Injunctions or financial sanctions for anti-trust practices	Section 10.2. Legal and Arbitration Proceedings Section 11.2. Consolidated Financial Statements – Note 27 (Legal and anti-trust proceedings)
L.225-100-3 of the French Commercial Code	Information potentially impacting a tender offer	Section 7.1. Corporate Governance Bodies: Composition – Organization – Operation Section 7.4. Compensation and benefits paid to members of corporate governance bodies Section 8.3. Authorizations related to the share capital and their utilization Section 9.2. Breakdown of Share Capital – Changes in Shareholding – Shareholder Profiles Section 9.3. Golden Share Section 9.4. Statutory disclosure thresholds Section 10.1. Incorporating documents and bylaws
R.225-104 of the French Commercial Code	Social Information	Section 4 Social Information

Legislative or regulatory reference	Items required	Section of the Reference Document
IV – Information relating to corporate officers		
L. 225-102-1 of the French Commercial Code	List of all terms of office and functions carried out in any company by each corporate officer over the fiscal year	Section 7.1.1.6. Information about Directors in office
L. 225-102-1 of the French Commercial Code	Compensation and benefits of any kind paid to each corporate officer by the Company, the companies that it controls and its holding company over the fiscal year	Section 7.4. Compensation and benefits paid to members of corporate governance bodies Section 7.4.1. Compensation of Corporate Executive Officers
L. 225-185 para. 4 of the French Commercial Code	In the event of the award of stock options, details of information upon which the Board of Directors based their decision: • either to prohibit directors from exercising their options before leaving office; or • to oblige them to hold all or part of the shares resulting from options already exercised until they leave office	Section 7.4. Compensation and benefits paid to members of corporate governance bodies
L.621-18-2 of the French Monetary and Financial Code Article 223–26 of the AMF General Regulations	Information on transactions by directors and related parties involving the Company's shares	Section 7.4.10. Summary of transactions disclosed by executive management and corporate officers in fiscal year 2009
L. 225-197-1, II para. 4 of the French Commercial Code	In the event of the award of bonus shares, details of information upon which the Board of Directors based their decision: • either to prohibit directors from selling shares awarded to them free of charge before leaving office; or • to establish the quantity of such shares that they are obliged to hold until they leave office	Section 7.4.5. Information on stock options and the award of bonus shares or Performance Shares
V – Environmental and HR information		
L.225-102-1 para. 5 and R. 225-105 of the French Commercial Code	Environmental information	Section 5.4. Industrial Safety at the heart of GDF SUEZ's activity Section 3.2. Environmental Commitments
L. 225-102-2 of the French Commercial Code	Specific information for companies operating at least one site classified as Seveso "high threshold"	Section 5.4.3. Operation of industrial facilities classified as "high threshold" Seveso sites in Europe Section 3.2. Environmental Commitments
L.225-102-1 para. 4 and R. 225-104 of the French Commercial Code	Social Information	Section 4. Social Information

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APPENDIX H

INFORMATION RELATED TO THE COMPANY'S ANNUAL FINANCIAL REPORT

This Reference Document includes all items of the financial report, as mentioned in Articles L. 451-1-2 of the French Monetary and Financial Code and as required by Article 222–3 of the AMF's general regulations.

The following table summarizes items on the annual financial report:

Items required	Section of the Reference Document
Parent Company Financial Statements	Section 11.4 Parent Company Financial Statements
Group Consolidated Financial Statements	Section 11.2 Consolidated Financial Statements
Management Report	See specific comparison table above
Declaration by the Parties Responsible for the Annual Financial Report	Section 12.2 Declaration by the parties responsible for the Reference Document containing the annual financial report
Statutory Auditor's Report on the Parent Company Financial Statements	Section 11.5 Statutory Auditor's Report on the Statutory Financial Statements
Statutory Auditor's Report on the Consolidated Financial Statements	Section 11.3 Statutory Auditor's Report on the Consolidated Financial Statements
Statutory Auditors' Fees	Section 11.2 Consolidated Financial Statements – Note 30 (Fees paid to Statutory Auditors and members of their networks)
Report of the Chairman of the Board on the terms and conditions governing the preparation and organization of the work of the Board of Directors and the internal control procedures implemented by the Company	Section 7.5 Report by the Chairman of the Board of Directors on corporate governance and internal control and risk management procedures
Statutory Auditors' Report, prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of GDF SUEZ	Section 7.6 Statutory Auditors' Report, prepared in compliance with Article L. 225-235 of the French Commercial Code, on the report prepared by the chairman of the board of directors of GDF SUEZ

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The 2009 GDF SUEZ Reference Document had a print run of 3,500 copies in French, 1,500 in English, 500 in Spanish and 500 in Dutch. This document is also available on the Group's website (gdfsuez.com) where all Group publications can be downloaded.

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Our values

drive
commitment
daring
cohesion

GDF SUEZ

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