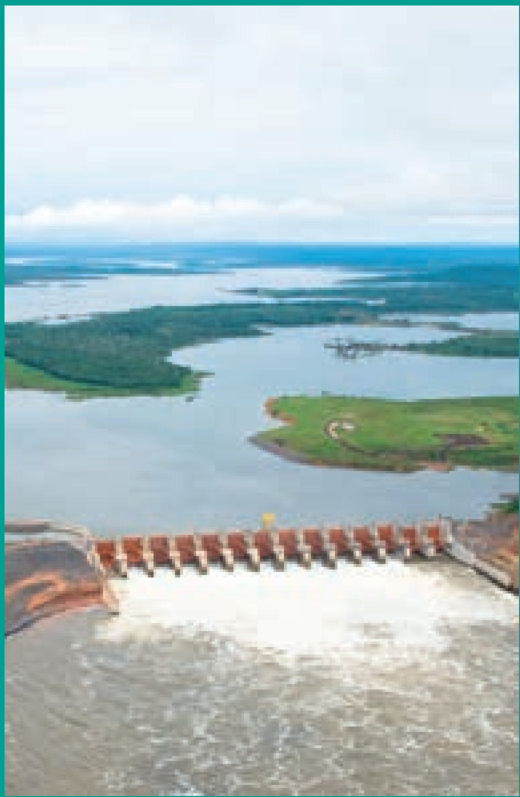

Registration Document 2011

including annual financial report

BY PEOPLE FOR PEOPLE

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Registration Document **2011**

Annual Financial Report and management report

This Registration 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 *Autorité des Marchés Financiers* (AMF), the French Financial Markets Authority (in Appendix B of this Registration Document is a comparison table between the documents mentioned in these texts and the corresponding headings in this Registration Document), and (ii) all the mandatory information included in the management report of the Board of Directors to the Annual Shareholders' Meeting of April 23, 2012 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 comparison table in Appendix B of this Registration Document).

Incorporation by reference

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

- in relation to the GDF SUEZ fiscal year ended on December 31, 2010: the management report, consolidated financial statements prepared according to IFRS and the related Auditors' reports appearing on pages 156 to 171 and 287 to 415 of the Registration Document filed with the AMF on March 28, 2011 under number D.11-0186;
- in relation to the GDF SUEZ fiscal year ended on December 31, 2009: the management report, consolidated financial statements prepared according to IFRS and the related Auditors' reports appearing on pages 162 to 177 and 287 to 410 of the Registration Document filed with the AMF on April 6, 2010 under number D.10-218.

This information shall be read together with the comparative information as of December 31, 2011.

The information included in these Registration Documents, along with the information mentioned above, is replaced or updated, as necessary, by the information included in this Registration Document. These Registration Documents are available under the conditions described in Section 7.3 "Documents available to the public" in this Registration Document.

Forward-looking information and market data

This Registration Document contains forward-looking information including in Section 1.1.4 "Strategic priorities", Section 1.1.5 "Improving performance", Section 1.3 "Description of business lines in 2011" and Section 6.1.1.7 "Outlook". This information is 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 2 "Risk factors."

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

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the *Autorité des Marchés Financiers* and registered under No.D.12-0197 on March 23, 2012, 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.

NOTE

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

A list of units of measurement, short forms and acronyms and a glossary of the frequently-used technical terms are featured in Appendix A of this Registration Document.

Copies of this Registration Document are available at no cost from GDF SUEZ, 1 Place Samuel de Champlain, 92400 Courbevoie (France), on the Company website (gdfsuez.com), as well as on the website of the *Autorité des Marchés Financiers* (http://www.amf-france.org).

1

Presentation of the Group

1.1 PROFILE, ORGANIZATION AND STRATEGY OF THE GROUP

1.1.1 GENERAL PRESENTATION

GDF SUEZ is one of the world's leading industrial companies and a benchmark in the fields of gas, electricity, energy services and the environment.

It is active throughout the entire energy value chain, in electricity and natural gas, upstream to downstream in:

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

GDF SUEZ operates a well-balanced business model:

- through its presence in complementary business activities across the value chain (balanced breakdown of revenues between gas, electricity and energy services);
- through its presence in regions exposed to different business and economic cycles, with a strong presence in emerging markets with their greater prospects for growth;
- through its presence allocated between activities that are exposed to market uncertainties and others that offer recurring revenue (infrastructure, PPA-type contracts, regulated activities in water, etc.);
- through a balanced energy mix with priority given to low- and zero-carbon energy sources.

This business model responds to the demands of the economic environment in which the Group operates. This environment is characterized by the confirmation of underlying trends including stronger competition in Europe, the convergence of the markets for gas, electricity and energy services, and the challenges of sustainable development.

It is also marked by recent developments which require an adaption in the traditional model of the geocentric European utility, anticipated by GDF SUEZ:

- a cyclical downturn in prices in mature country energy markets following the economic crisis;
- a growth gap between mature and emerging markets which has widened with the economic crisis;
- adoption of the Climate Package in the European Union (the "3 x 20" targets);
- growing uncertainties weighing on the energy markets, heightened by the political events in Arab countries, the Fukushima nuclear accident, and regulatory fog.

GDF SUEZ has thus based its growth strategy on:

- accelerating development in emerging markets in power generation and in the field of LNG and exploration-production;
- integrating, refocusing and streamlining its activities in Europe;
- strengthening activities that generate recurring revenue.

In 2011, GDF SUEZ was ranked first among listed utilities worldwide by Forbes magazine in its annual ranking of the 2,000 largest listed global companies (24th in the general category, 3rd among French companies).

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 a Group-wide participatory forum introduced 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 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 with a 99-year term under Law 2004-803 of August 9, 2004 on the electricity and gas public service and electricity and gas companies (amending Law 46-628 of April 8, 1946) whose provisions were aimed at organizing the change in the Company's legal status. Unless the Company is dissolved earlier or its term is extended, it will cease trading on November 19, 2103.

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.

Law 2004-803 of August 9, 2004, as amended by Law 2006-1537 of December 7, 2006 governing the energy sector and providing that the State henceforth hold more than one-third of the Company's share capital, and Decree 2007-1784 of December 19, 2007, authorized the transfer of the Company from the public to the private sector. On July 22, 2008, the Company absorbed SUEZ in a merger which entailed transferring the majority of the company's share capital to the private sector. The new company took the name "GDF SUEZ".

SUEZ itself was the result of the merger in 1997 of Compagnie de Suez and Lyonnaise des Eaux. At the time, 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.

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.

On February 3, 2011, the company entered into a merger transaction with International Power (see section 6.2, "Consolidated financial statements" – Note 2.1.1 and section 1.3.2.8 "International Power PLC").

This transaction allows GDF SUEZ to accelerate its industrial development and to strengthen the Group's international presence in the United States, the United Kingdom and in the rapidly growing markets of the Middle East and Asia-Pacific.

GDF SUEZ now has its head office at 1 Place Samuel de Champlain, 92400 Courbevoie, France. Its phone number is +33 (0) 1 44 22 00 00. GDF SUEZ is listed in the Paris Trades and Companies Register under reference number 542 107 651. Its NAF (French business sectors) code is 3523Z.

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 fiscal year is 12 months and runs from January 1 to December 31 of each year.

1.1.3 ORGANIZATION

Until December 31, 2011, GDF SUEZ was organized operationally around six business lines (five energy business lines and one environment business line), which are presented in detail in section 1.3 “Description of business lines in 2011”.

With effect from January 1, 2012, GDF SUEZ was reorganized by:

- regrouping all gas and electricity physical and commercial assets in continental Europe (1) (except for infrastructure assets belonging to the Infrastructures business line) into one Energy Europe business line. Until the end of 2011, these activities were included in the Energy Europe and International business line (GDF SUEZ Energy Benelux & German and GDF SUEZ Energy Europe business areas), the Energy France business line and the Global Gas and LNG business line (gas supply and key accounts business units);
- creating the Energy International business line whose scope corresponds to the new International Power organization, bringing this structuring operation into the Group’s organization.

The Energy Europe business line was set up to create an organization adapted to the European scope of the Group’s markets, in a context of:

- increasing integration of the electricity and gas markets at European level, including physical integration with greater interconnection between countries, economic integration with the opening of the energy markets, as well as regulatory integration;
- continued convergence between gas and electricity with gas playing a growing role in power generation, which required gas supply and sales activities to be merged with the other deregulated energy activities in Europe.

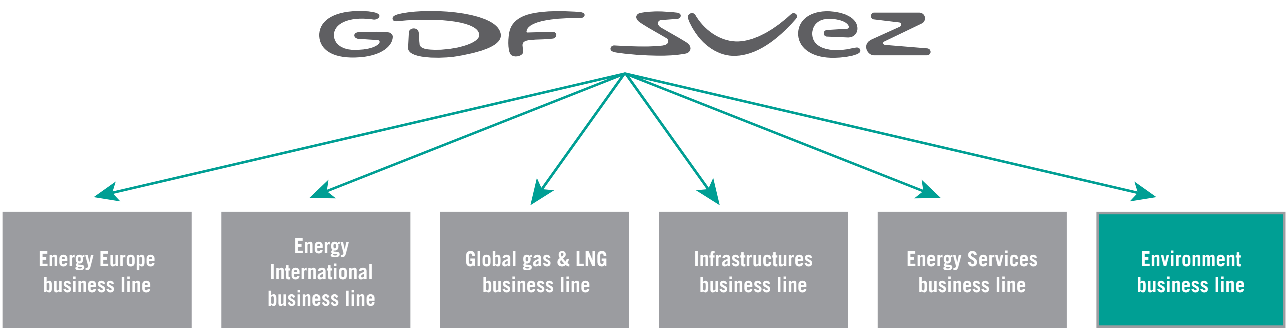
The Energy Europe business line is organized as a matrix, to combine the experience and knowledge of the markets of the various European countries with the synergies leveraged through the business line’s three activities:

- power generation;
- energy management, which covers supply, trading and portfolio management;
- sales and marketing of gas and electricity.

The business line’s 13 countries of operation are grouped into four regions, with a lead country named for each one:

- France;
- Belgium-Luxembourg, Germany, Netherlands (lead country: Belgium-Luxembourg);
- Poland, Hungary, Romania, Slovakia (lead country: Poland);
- Italy, Greece, Spain and Portugal (lead country: Italy).

GDF SUEZ is thus now organized into the following six business lines:



- **the Energy Europe business line** is in charge of energy management, distribution and storage of natural gas(2), electricity production and energy sales across all segments in continental Europe;
- **the Energy International business** line is organized in six geographical regions (Latin America; North America; UK-Europe; Middle East, Turkey and Africa; Asia; and Australia). It is responsible for power generation as well as downstream LNG, gas distributions, desalination and retail in all markets outside continental Europe(3). The business line is represented by International Power.

(1) Excluding International Power assets in continental Europe.
(2) The BEE is in charge of gas distribution to Portugal, Hungary, Romania and Slovakia, and gas storage for the latter two countries.
(3) As well as activities associated to International Power’s assets in continental Europe.

- **the Global Gas & LNG business line** is in charge of the exploration and production of gas and oil, and the supply, transportation and sale of liquefied natural gas;
- **the Infrastructures business line** pools the activities of networks and infrastructures in Europe and mainly in France: transmission of natural gas and electricity, gasification of LNG, storage of natural gas, distribution of natural gas;
- **the Energy Services business line** offers its customers in industry, the tertiary sector and infrastructures effective and sustainable energy and environmental solutions through multi-technical services in the areas of engineering, installation or energy services;
- **the Environment business line** provides services of water, sanitation and waste management to communities and manufacturers.

The GDF SUEZ Center (based both in Paris and Brussels) is responsible for strategic orientations and financial performance, and 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, particularly the development of synergies between business lines (especially in respect to overseeing and implementing a comprehensive nuclear development strategy that takes account of the Group's imperatives, local realities and global challenges); and
- within shared service centers and centers of expertise, steering missions that can be shared by several business lines.

See also section 4.1 "Report by the Chairman of the Board of Directors on corporate governance and internal control and risk management procedures".

The Company operates its own business; it does not act as a simple holding company vis-à-vis its subsidiaries. At the end of 2011, the number of the Company's direct or indirect subsidiaries (controlling interest) was approximately 2,400. The Group's main consolidated companies are listed in Section 6.2 "Consolidated financial statements – Note 28 (List of main consolidated companies at December 31, 2011)". For a list of major subsidiaries and affiliates directly owned by the Company, see section 6.4 "Parent Company Financial Statements – Note 27 (Subsidiaries and affiliates)".

The company's activities and the strategic economic assets of its main subsidiaries as well as their geographical location are presented in section 1.3 "Description of business lines in 2011", which reflects the Group's structure at the end of 2011.

1.1.4 STRATEGIC PRIORITIES

The energy and environment markets in which the Group operates have a buoyant long-term outlook.

According to the central scenario of the International Energy Agency (IEA) [(1)], world primary energy demand is projected to grow by 40% between 2009-2035. About 90% of this growth is expected to occur outside the OECD.

The demand for natural gas will rise by 2035 in the three scenarios examined by the IEA. Moreover, the share of gas in world primary energy demand by 2035 appears to have little sensitivity to the assumptions used, remaining between 22% and 23% in all scenarios.

In the IEA's projections energy savings are also central to energy policies. As such, the reduction of CO_2 emissions needed to limit the global temperature increase to 2°C compared to the preindustrial era is based 44% on energy efficiency (gap between the "New Policies" scenario and the "450" scenario).

Also according to the IEA, global power generation will increase 81% between 2009 and 2035, with four-fifths of this growth occurring outside the OECD. In Europe, according to IHS CERA (2010 Global Redesign scenario), the need for new generation capacity by 2030 will be 615 GW, compared to 900 GW in service in 2011, in particular to offset decommissioning.

(1) International Energy Agency, World Energy Outlook 2011. The central scenario of this publication is the "New Policies" scenario, which assumes that all Member State commitments in combatting climate change and promoting energy security are implemented, including when practical measures breaking down these commitments are yet to be established. The World Energy Outlook also examines a scenario for extending the current framework of energy policies and measures (the "Current Policies scenario") as well as a scenario compatible with limiting the temperature rise relative to pre-industrial times to 2°C, which implies an atmospheric concentration of greenhouse gases below 450 ppm of CO_2e (the "450 scenario").

According to the European Commission [1], the need for investments in gas infrastructure on the continent will amount to €70 billion between 2011 and 2020.

Finally, regarding the market for environmental services, managing the scarcity of water resources and raw materials is emerging as a growing concern worldwide. For example, according to the Global Water Market 2011 guide, global desalination capacity could grow 9% annually between 2009 and 2016.

Key energy figures for 2010 (source: Enerdata, Global Energy & CO_2 Data, October 2011):

- primary energy demand: World: 12,844 Mtoe; Europe (EU 27): 1,713 Mtoe;
- primary natural gas demand: World: 3,327 billion m^3; Europe (EU 27): 537 billion m^3;
- total power generation: World: 21,279 TWh; Europe (EU 27): 3,835 TWh.

The Group thus has promising industrial prospects in buoyant markets over the long term, which the 2008-2009 financial and economic crisis has not threatened, thanks to its balanced business model combining gas, electricity and services activities, its flexible and diversified energy mix, a portfolio of activities with complementary profitability/risk profiles, and its strong presence in emerging markets which is further enhanced by the integration of International Power. It will therefore continue to grow: moderately in 2012-2013 due to the European economic crisis, and more robustly thereafter.

The competitive position of GDF SUEZ in its activities, together with its experience, technological leadership and commitment to sustainable development, are strong sources of growth in a changing competitive environment.

In this context, GDF SUEZ will continue its policies to improve operating profitability and generate cash in all its activities, and to increase its industrial development through a sustained capital investment program (€9 billion to €11 billion per year in the medium term). These investments will be carried with strict financial discipline (maintaining the "A" rating and investment criteria), and will prioritize profitability over growth while conserving the necessary flexibility to seize any outside acquisition opportunities. GDF SUEZ has strict investment criteria in four areas (strategy, finance, legal and environmental, social and governance) intended to create value. GDF SUEZ's financial objective is to offer its shareholders attractive returns while maintaining a solid financial structure and robust cash flow generation.

The Group's strategic priorities include:

- accelerating its development in the emerging world, in both power generation and upstream gas (exploration-production and LNG);
- strengthening the integration of its electric and gas activities and refocusing and streamlining its portfolio of assets in Europe;
- reinforcing activities that generate secure yields and recurring cash flows (infrastructure, energy services, environment).

In international electricity and gas, the Group aims to be a global player:

- in emerging markets: by investing more heavily while controlling risk; by reinforcing its positions in South America, Southeast Asia, and the Middle East; and by finding new sources of growth;
- in mature markets: by building integrated positions wherever possible.

In electricity and gas in Europe, the Group aims to integrate and rationalize its positions:

- by consolidating its leadership positions and finding new sources of growth in domestic markets through technological and commercial innovation;
- by strengthening and leveraging its positions in targeted areas;
- by continuing to improve operational efficiency, particularly through greater integration between the various deregulated activities.

Changes in the Group's organization with the creation of an Energy Europe business line (see section 1.1.3) will help to manage these priorities.

(1) EC communiqué: "Energy infrastructure priorities for 2020 and beyond – A blueprint for an integrated European energy network" (COM (2010) 677).

In Global Gas and LNG, the goal is to develop competitive advantages in supply and LNG, relying in particular on advances in exploration-production:

- by developing a competitive gas supply portfolio for the Group which is diversified and secure;
- by developing a global position in the LNG market, particularly by strengthening its presence in the Pacific, which should see stronger growth;
- by leveraging know-how in gas exploration-production, which will also serve the LNG strategy and the Group's supply needs.

In nuclear, the objective is to maintain this energy source's position in the production mix over the long term with a target of 10% by 2030:

- by focusing on the technological option of pressurized water reactors which have the highest safety levels;
- by favoring partnerships to reduce and share risks;
- by preferring the safest business environments (PPA-type contracts, regulated environments, capacity-based payment, etc.);
- by primarily targeting the following countries: France, the United Kingdom, Poland, Brazil and the United States.

This objective will be re-evaluated in mid-2012 to factor in the post-Fukushima impact in several European countries.

In infrastructure, the Group aims to develop positions:

- by maintaining and growing strong positions in France, through the safe operation of facilities and the promotion of gas as an essential part of the French energy mix;
- by selectively developing activities outside of France: in Europe based on markets where the Group already has assets and outside of Europe in accordance with the Group's overall strategy.

In energy services, the aim is to make this activity a new source of growth at the center of energy and environmental issues:

- by developing the energy efficiency offering, particularly through engineering activities and installation-maintenance services;
- by strengthening the Group's leadership in Europe and developing activities in targeted countries outside of Europe (China, Middle East).

In environmental services, the aim is to develop new sources of growth, primarily by strengthening existing positions:

- by developing modernized and enhanced business models in mature markets centered on the greater water cycle, waste recycling and energy recovery, smart metering and resource protection;
- by targeting international development in North America and the Middle East for water, and in Australia, Central Europe and China for water and waste.

This strategy's implementation is particularly visible in the major transactions carried out by the Group in 2011:

- merger with International Power (see section 6.2, "Consolidated financial statements" - Note 2.1.1 and section 1.3.2.8 "International Power plc");
- establishment in August of a strategic partnership with China Investment Corporation (CIC) under which this fund has taken an equity stake in GDF SUEZ's exploration-production activities (see section 1.3.3.5, "2011 Highlights");
- opening of GRTgaz to outside investment in July: the Société d'Infrastructures Gazières (SIG), a public consortium of CNP Assurance, CDC Infrastructure and the Caisse des Dépôts, acquired a 25% stake in the company (see section 1.3.4.3, "Organization");
- program to divest non-strategic assets and minority interests held by the Group.

1.1.5 IMPROVING PERFORMANCE

The Group has been engaged for several years in a process to continuously improve its performance. Through its performance plan Efficio, it is targeting operational excellence, ever-greater customer satisfaction, and a reinforcement of its competitiveness and capacity for investment.

This effort was intensified in 2011, both by structuring the process within each of the Business Units and by emphasizing cost savings, overhead reductions, and improved operating performance. The plan also covers purchasing savings on capex items.

The Purchasing organization contributes strongly to the efficiency process for both operating expenses and capital expenditure, aiming for a coverage rate of 80% of purchases made by buyers.

Finally, there is a focus on company-wide initiatives (labor costs, real estate, etc.), with the help of the support functions.

In 2011, the Efficio plan contributed to a improved the EBITDA by approximately €580 million compared to 2010.

In 2012, the Group reinforces its efforts with the launching of a Group actions plan, with the following priorities:

- increasing financial flexibility;
- enhancing existing assets (reinforcement of Efficio plan);
- increasing focus on recurring net income;
- anticipating major developments.

1.1.6 COMPETITIVE POSITIONING

Electricity production and marketing and gas marketing are business sectors that are broadly open to competition in Europe, while their regulation continues to vary by country, especially when it comes to prices for residential customers. Activities that constitute natural monopolies – such as the transmission and distribution of electricity and, to a large extent, of gas – are more tightly controlled by domestic regulators and European rules.

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

Environmental activities are much less open to the private sector, including in Europe. In few countries is the private sector's share of the market predominant (France and Spain in environmental services, United States for waste management) or exclusive (United Kingdom). There is a growing trend in emerging countries to privatize the waste management market.

1.1.6.1 GDF SUEZ is a European and world leader in electricity and gas

In Europe, GDF SUEZ is the **No. 2 buyer of gas**, with the unique capacity to supply customers in 13 countries. In LNG, GDF SUEZ is a global player as the **No. 1 importer in Europe and No. 3 importer** [(1)] in the world. It is also a major player in exploration-production (No. 10 gas producer [(2)], and No. 3 **utility**).

The Group is the leading operator of gas infrastructure in Europe: it has the **No. 1 transmission network**, and is **No. 1 in distribution and European capacity storage** (in terms of sales) and the **No. 2 owner/operator** of LNG terminals.

The merger of GDF SUEZ Energy International and International Power created the **world's leading independent power producer (IPP)**. The transaction also reinforces the Group's international standing as the **No. 1 producer-developer** in the Gulf States, the **No. 1 IPP in Brazil, No. 2 in Peru and Panama, and No. 3 in Thailand**. In electricity, the Group is the **No. 5 producer** [(3)] and **marketer** [(3)] in Europe.

This global and European leadership is fortified by the Group's deep Franco-Belgian roots:

- In France, GDF SUEZ is **the historic leader of gas marketing** with 9.4 million residential customers. More specifically, the Group has a 65% share of the market for industry, local authorities and contractors, and an 88% share of the residential market. In electricity, with 8.1 GW of capacity, the Group is the **No. 2 producer and marketer** [(3)]. It manages a diversified energy mix with low CO_2 emissions. GDF SUEZ is the **No. 2 hydropower operator in France** [(4)], with nearly a quarter of French hydro production. It is also the **leader in wind power in France** [(3)] with 1,020 MW installed at the end of 2011 (909 MW Group share), representing 16% of the estimated French market.
- In **Belgium**, GDF SUEZ, through its subsidiary Electrabel, is the **No. 1 power producer**, with a fleet that represents approximately two-thirds of the country's total installed capacity, as well as the **main supplier of electricity** [(5)], with 3.3 million customers. Electrabel is also a major gas supplier, with 1.8 million customers.

1.1.6.2 GDF SUEZ is a leader in energy and environmental services

The Group is also the **European leader in energy services**: the Energy Services business line is ranked **No. 1 in France, Belgium, the Netherlands and Italy**. GDF SUEZ also has a strong position in neighboring countries and has some initial bases for expansion in more distant countries such as those of Central Europe. With a good balance of activities, the business line brings a unique portfolio of complementary activities to the European market that sets it apart from its competitors. Its global engineering activity also gives GDF SUEZ a comparative advantage over most of its European competitors.

In the environmental market, SUEZ Environnement is a benchmark player on a global scale, with operations on every continent. The Group is the **No. 2 operator in water and No. 3 in waste management** [(1)].

(1) Source: GDF SUEZ internal analyses of 2010 data.
(2) Source: Cap Gemini, 2009 data.
(3) Source: Cap Gemini, Eurostaf, 2010 data.
(4) Source: RTE, 2011.
(5) Source: CREG, 2010 data.

1.2 KEY FIGURES

1.2.1 GROUP FINANCIAL DATA

In millions of euros	Gaz de France 2007	SUEZ 2007	GDF SUEZ pro forma 2007	GDF SUEZ pro forma 2008	GDF SUEZ reported 2008	GDF SUEZ 2009	GDF SUEZ 2010	GDF SUEZ 2011
1. Revenues	**27,427**	**47,475**	**71,228**	**83,053**	**67,924**	**79,908**	**84,478**	**90,673**
of which generated outside France	11,361	35,543	43,998	52,708	47,156	49,184	52,976	59,517
2. Income								
• EBITDA[(a)]	5,696	7,433	12,539	13,886	10,054	14,012	15,086	16,525
• Gross operating surplus (EBO)	5,666							
• Gross operating Income (RBE)		7,965						
• Operating income	3,874							
• Current operating income		5,175	7,824	8,561	6,224	8,347	8,795	8,978
• Net income Group share	2,472	3,924	5,755	6,504	4,857	4,477	4,616	4,003
3. Cash flows								
Cash flow from operating activities	4,778	6,017	10,429	7,726	4,393	13,628	12,332	13,838
of which cash generated from operations before financial income, income tax and working capital requirements		7,267	12,451	13,287	9,686	13,016	14,736	16,117
of which operating cash flow	5,904							
Cash flow from investment	(2,623)	(4,681)	(6,937)	(11,845)	(7,348)	(8,178)	(7,783)	(7,905)
Cash flow from (used in) activities financing	(1,403)	(2,518)	(4,231)	3,084	5,528	(4,282)	(3,683)	(2,496)
4. Balance sheet								
Shareholders' equity[(b)]	17,953	22,193	N/A	57,748	57,748	60,194	62,114	62,930
Total equity[(b)]	18,501	24,861	N/A	62,818	62,818	65,436	70,627	80,270
Total assets[(b)]	46,178	79,127	N/A	167,208	167,208	171,198	184,430	213,410
5. Per-share data (in euros)								
• Average outstanding shares[(c)]	983,115,173	1,269,572,284	2,177,496,287	2,160,674,796	1,630,148,305	2,188,876,878	2,187,521,489	2,221,040,910
• Number of shares at period-end	983,871,988	1,307,043,522	N/A	2,193,643,820	2,193,643,820	2,260,976,267	2,250,295,757	2,252,636,208
• Earnings per share	2.51	3.09	2.64	3.01	2.98	2.05	2.11	1.80
• Dividend paid	1.26	1.36	N/A	1.40	1.40	1.47	1.50	1.50
6. Total workforce	**47,560**							
Total average workforce		**192,821**	**N/A**	**234,653**	**234,653**	**242,714**	**236,116**	**240,303**
• Fully consolidated entities		146,350	N/A	194,920	194,920	201,971	213,987	218,905
• Proportionately consolidated entities		37,592	N/A	31,174	31,174	35,294	16,943	17,610
• Entities consolidated by equity method		8,879	N/A	8,559	8,559	5,449	5,186	3,788

(a) See Note 3.4 in section 6.2.

(b) December 31, 2010 and December 31, 2009 data restated; see Note 1.2 in section 6.2.

(c) Earnings per share is calculated based on the average number of shares outstanding, net of treasury shares.

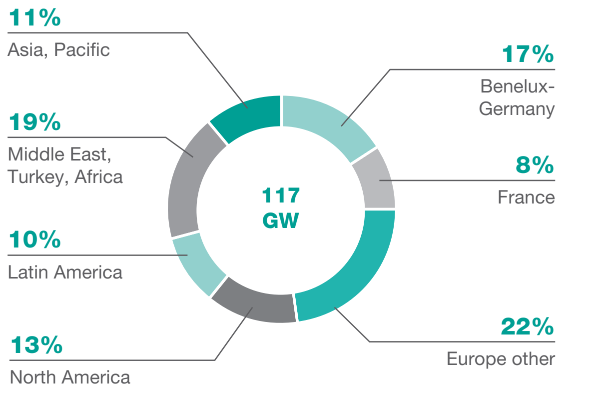
2011 dividend: proposed dividend (including an interim dividend of €0.83 paid in November 2011).

1.2.2 NON-FINANCIAL INDICATORS

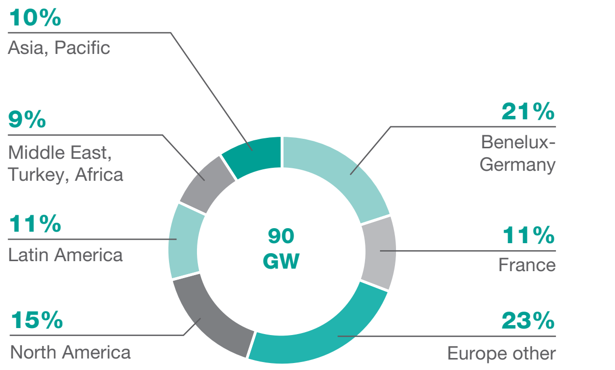
1.2.2.1 Electricity production

GDF SUEZ owns and develops a flexible and efficient generation fleet in its key markets: Europe, Latin America, the Middle East, Asia-Pacific and North America. The Group's installed capacity as of December 31, 2011 was 117 GW (1) on a 100% basis or 90 GW (2) on a proportional basis.

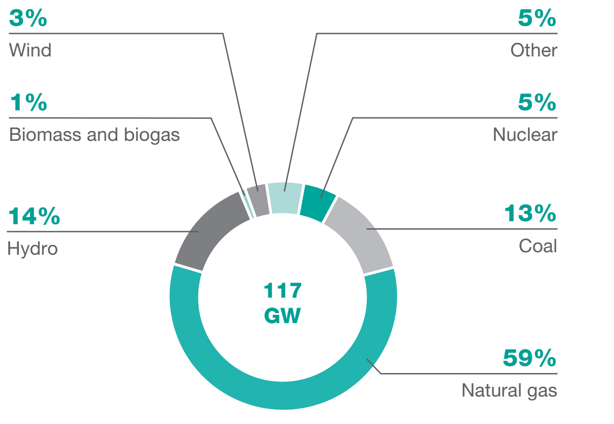
BREAKDOWN OF GENERATION CAPACITY BY REGION (FULL DATA)



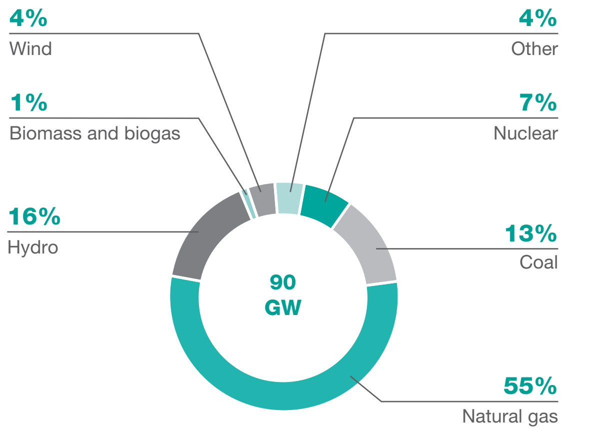
BREAKDOWN OF GENERATION CAPACITY BY REGION (PROPORTIONAL)



BREAKDOWN OF GENERATION CAPACITY BY FUEL (FULL DATA)



BREAKDOWN OF GENERATION CAPACITY BY FUEL (PROPORTIONAL)



Of total assets (on a 100% basis), 59% are natural gas plants, 14% are hydropower plants, 13% are coal-fired plants, 5% are nuclear power plants and 4% are non-hydropower renewables capacity.

In 2011, the Group produced 465 TWh on a 100% basis (359 TWh per the proportional calculation).

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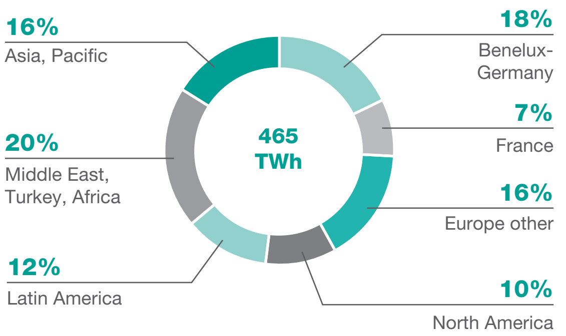
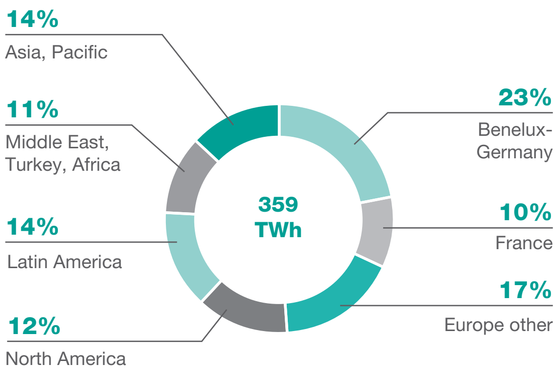
(1) The 100% calculation includes the total capacity of all facilities held by GDF SUEZ irrespective of the actual percentage stake of the holding, except for drawing rights which are included in the total if the Group owns them and deducted if they are granted to third parties.

(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.

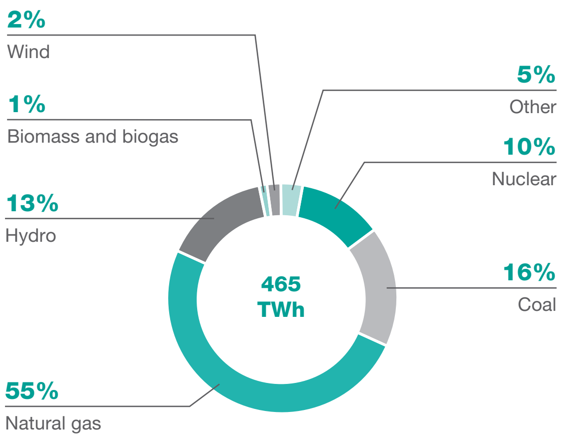
POWER GENERATION BY REGION (FULL DATA)



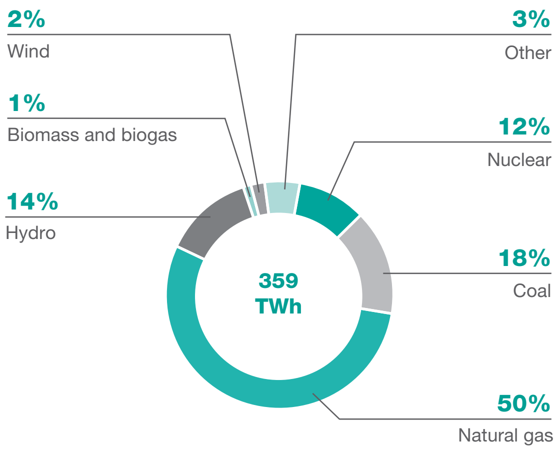
POWER GENERATION BY REGION (PROPORTIONAL)



POWER GENERATION BY FUEL (FULL DATA)



POWER GENERATION BY FUEL (PROPORTIONAL)



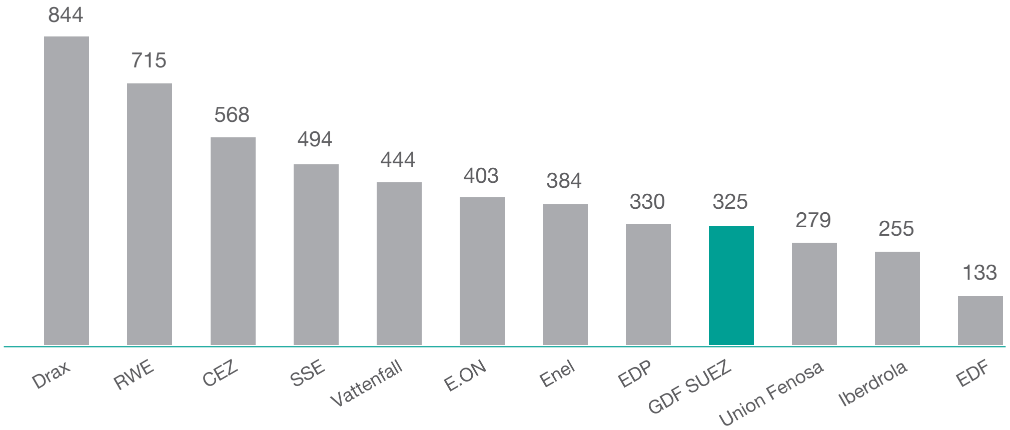
Of total production (100% basis), 55% comes from natural gas plants, 13% from hydropower, 10% from nuclear, 16% from coal and 3% from non-hydro renewables.

The combined power of Group projects under construction (calculated on a 100% basis) at December 31, 2011 was 14.8 GW, with almost 40% 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. In fact, production capacity comprises 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 power generation fleet has a low carbon footprint, with an average 325 kg CO_2/MWh recorded for Europe in 2010, below the 337 kg/MWh European average estimated by PricewaterhouseCoopers (PwC). Worldwide, at the end of 2010, the Group's assessed power plant emissions were 351 kg/mwh.

CO_2 EMISSIONS IN EUROPE BY THE MAIN EUROPEAN ELECTRICITY PRODUCERS IN 2010 (KG/ MWH)



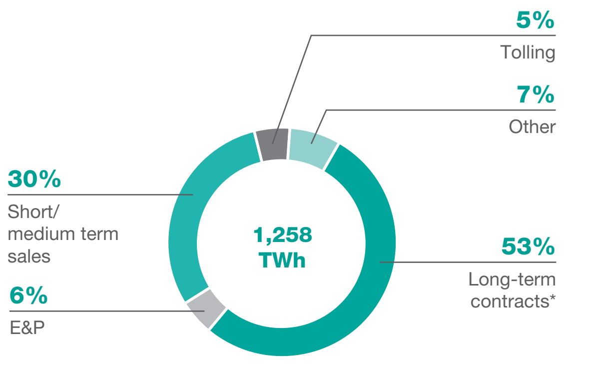
Source: climate change and electricity – European carbon footprint – PwC – November 2011 (European emissions from electricity production).

1.2.2.2 Natural gas portfolio

Most of the Gr oup's natural gas is supplied via one of the most diversified portfolios of long-term contracts in Eur ope, sourced from more than 10 countries. These contracts give GDF SUEZ the necessary visibility to ensur e its development and secur e its supplies. GDF SUEZ is also one of the biggest spot market players in Europe. This means it can rationalize its supply costs by adjusting its purchasing to match its needs.

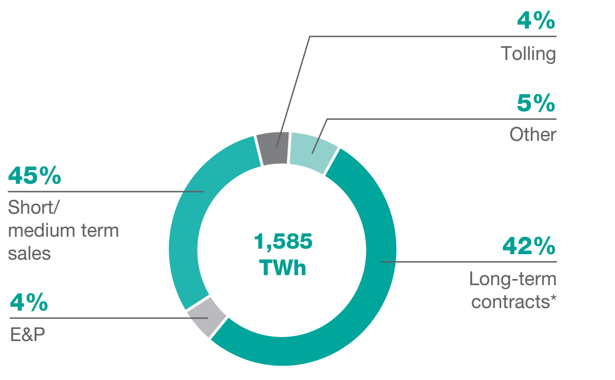
The GDF SUEZ portfolio, which r epresents some 1,260 TWh (calculated on financial consolidation basis), or about 115 billion m³, is among the most diversified in Europe.

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



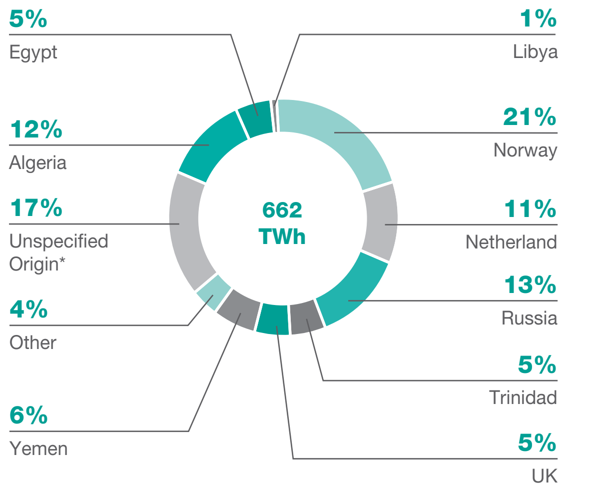
>3 years

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



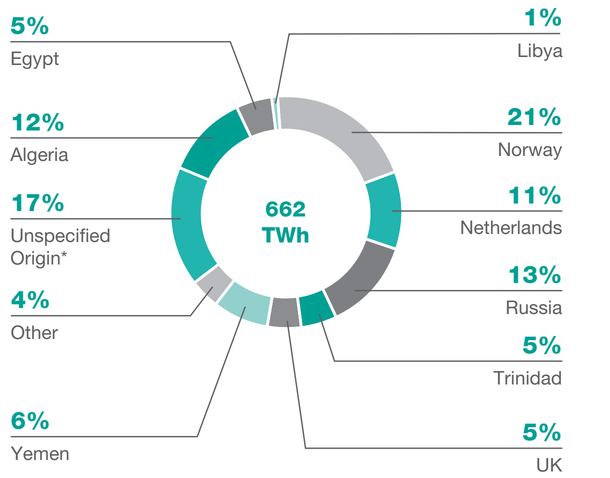
>3 years

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



** Long-term purchases of operators that have a diversified portfolio.*

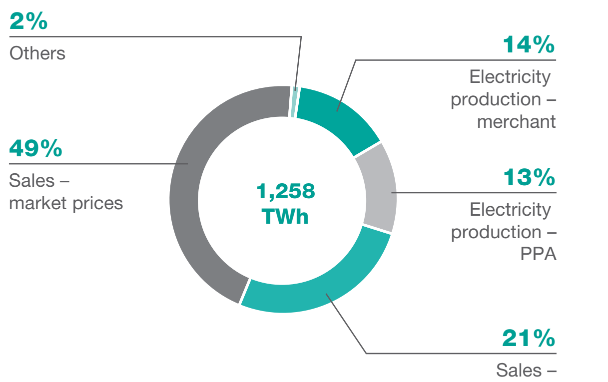
GEOGRAPHICAL BREAKDOWN OF LONG-TERM CONTRACTS (CALCULATED ON 100% BASIS)



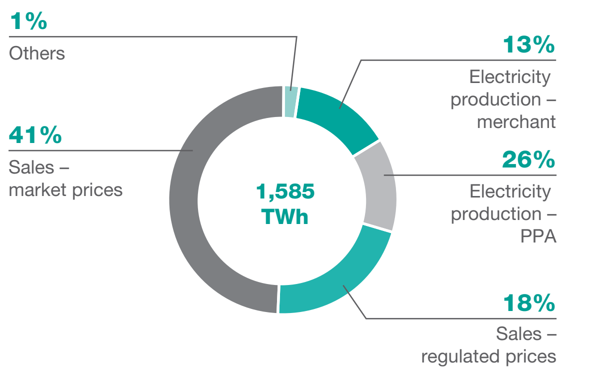
** Long-term purchases of operators that have a diversified portfolio.*

The three largest long-term suppliers are Norway, Russia and Algeria. Calculated on a financial consolidation basis, in 2011 they represented 21%, 13% and 12% respectively of the Group's long-term contracts. About 16% of the portfolio is made up of LNG.

PORTFOLIO BREAKDOWN BY TYPE OF USE (ON FINANCIAL CONSOLIDATION BASIS)



PORTFOLIO BREAKDOWN BY TYPE OF USE (ON 100% BASIS)



The Group's natural gas assets ar e used to fuel power plants (28% of the portfolio, on a fi nancial consolidation basis) and ar e sold to end customers, operators or on the markets (70% of the portfolio, on a financial consolidation basis).

1.3 DESCRIPTION OF BUSINESS LINES IN 2011

The description of the business and strategic economic assets of the Company's main subsidiaries in the following section (1.3) is structured according to the Group's organization at the end of 2011. The subsections thus correspond to the six business lines as they existed at the end of 2011 (Energy France business line, Energy Europe and International business line, Global Gas and LNG business line, Infrastructures business line, Services business line and Environment business line). A subsection is also devoted to GDF SUEZ Trading, an entity created in 2011 by combining the energy trading businesses in Europe.

Organizational changes occurring since January 1, 2012 are described in 1.1.3.

1.3.1 ENERGY FRANCE BUSINESS LINE

1.3.1.1 Mission

GDF SUEZ's Energy France business line is a major player in the French energy sector. It carries out a set of activities, from power generation to marketing natural gas, electricity and related energy services. Integrating these activities within the Group, combined with diversified and efficient power assets, enables it to provide its customers with a range of competitive energy and services.

1.3.1.2 Strategy

By integrating upstream (electricity) activities with those downstream, the Energy France business line aims to forge a new relationship with energy, based on:

- the assurance of production that is diversified, flexible and low in CO_2 emissions;
- support for each customer through personalized products and services;
- the effective, efficient and controlled use of energy that preserves the environment and resources;
- responsible growth, with the promotion of renewable energy and advice to better manage energy use.

The Energy France business line has thus adopted three industrial and commercial strategies:

- to pursue strong growth in Renewable Energy and to use the production facilities in a responsible and efficient way;
- to defend its position as leader in gas, and assert its leadership in alternative power supply by turning its excellence in customer relations and innovation in commercial offerings into differentiating advantages;
- to provide customers with solutions to their energy efficiency needs, in particular through smart energy technologies.

1.3.1.3 Organization

Energy France Business Line

- **Power Generation**
  - CNR
  - SHEM
  - GDF SUEZ Thermique France
  - Maïa Eolis
  - Erelia investissement
  - La Compagnie du Vent
  - Eole Generation
  - CN'Air
  - GDF SUEZ Photovoltaïque Curbans
  - GDF SUEZ EnR Operations
  - GDF SUEZ Futures Energies
- **Energy Management France**
  - Eco-Metering
- **B to B Sales & Marketing**
  - SSInergie
  - CIE Dupaquier
  - Orkania
  - Gaz Electricité de Grenoble
  - Gedia
- **B to C Sales & Marketing**
  - Calliance Gestion
  - N-Allo France
- **Households Services**
  - Savelys
  - Banque Solfea
  - ABM Energie Conseil
  - Coraver
  - Clipsol
  - Energia
  - PDF
  - Panosol
  - Climasave

1.3.1.4 Key figures

In millions of euros	2011	2010	Total change *(in %)*
Business line revenues	13,566	14,982	- 9.5%
EBITDA	505	1,023	- 50.6%

Electricity production capacities *(in MW)* **– data at 100%**	2011	2010
Thermal power plants	2,148	2,147
Hydroelectric power plants	3,794	3,728
Other renewable energy sources	1,057	926
Nuclear (drawing rights)*	1,208	1,208
TOTAL	**8,207**	**8,009**

* *Includes 100 MW for swap with SPE and excludes 555 MW for Nuclear Release contract with EDF.*

Electricity sales *(in TWh)*	**2011**	**2010**
Natural gas sales	219.2	292.4
Electricity sales	41.2	36.5

Electricity production *(in TWh)* **- accounting consolidation method**	**2011**	**2010**
Thermal power plants	8.8	7.7
Hydroelectric power plants	12.0	16.3
Other renewable energy sources	1.6	1.1
Nuclear (drawing rights)	7.8	7.6
TOTAL	**30.2**	**32.7**

Number of customers *(in thousands)*	**2011**	**2010**
Number of energy sites	11,267	11,322
Number of natural gas sites	9,898	10,183
Number of electricity sites	1,368	1,139
Number of boiler maintenance contracts	1,504	1,540

1.3.1.5 2011 highlights

- Entry into commercial service in January and inauguration in April of the combined cycle gas plant in Montoir -de-Bretagne (435 MW).
- Inauguration in April of the renewable energy control center in Châlons-en-Champagne.
- Inauguration in April of the Germinon wind farm (75 MW in the Marne region), developed by Eole Generation, the second-largest wind farm set up by GDF SUEZ in France.
- Gradual entry into service of remote metering equipment intended to monitor fluid consumption (water, gas and electricity) in some 200 schools covered by the Nord Regional Council. Deployment was completed in mid-2011.
- In July, GDF SUEZ announced its participation in the tender for the installation of offshore wind turbines.
- In August, entry into service of three photovoltaic solar energy facilities in Curbans (26 MW).
- One-millionth household electricity customer reached in October.

1.3.1.6 Power generation BU

GDF SUEZ has continued to develop its power generation capacity with the commissioning of 198 MW, increasing its installed capacity to 8.2 GW at the end of 2011 (1). GDF SUEZ is therefore the largest French operator of combined cycle gas plants, the second-largest producer of hydroelectric power and the largest wind farm operator in France.

The production base in France is carbon-light, with 74% of facilities having no emissions, and includes some 60% of renewable energy sources.

Thermal power

Brought into commercial service on January 1, 2011, the combined cycle gas plant in Montoir -de-Bretagne (435 MW) demonstrated excellent availability during its first year of operation.

The four gas combined-cycle plants, grouped under GDF SUEZ Thermal Power France, saw a full year's service in 2011. Thermal power production in 2011 was 8.8 TWh.

Hydroelectric power

Hydroelectric power production for 2011 (CNR and SHEM) was 12 TWh, sharply down compared with the potential resource owing to a very low hydroelectric flow. CNR saw its worst year historically and SHEM saw its lowest hydroelectric flow in the past thirty years.

(1) Including 1000 MW swap with SPE and not including 555 MW of nuclear release contract with EDF.

Other renewable energy sources

Onshore wind power production

GDF SUEZ (through its subsidiaries Maïa Eolis, La Compagnie du Vent, Erelia, CN'AIR and Eole Generation) brought 98 MW of wind production capacity into service during 2011. At the end of 2011, GDF SUEZ owned an installed capacity of 1,020 MW in the onshore wind production (909 MW Group share), which made it the wind power leader in France with 16% of the market.

GDF SUEZ is continuing its wind power development with a 178 MW farm under construction as at December 31, 2011.

In terms of production, 2011 was marked by a significant analyzed wind deficit compared to the average of the past twenty years. Annual wind power generation totaled 1,584 GWh in 2011.

Offshore wind power production

On July 11, 2011, the French government issued a tender for the creation of a 3,000 MW offshore wind farm starting in 2015. GDF SUEZ announced its intention to bid for this tender. On January 11, 2012, GDF SUEZ, in partnership with VINCI and CDC Infrastructure, submitted its application files for this tender. The consortium will work with industrial partners who are acknowledged in the design and manufacture of offshore wind farms such as AREVA and SIEMENS.

Photovoltaic solar power

In 2011, GDF SUEZ brought 33 MW of photovoltaic solar power capacity into service: the Bollène (4 MW – Vaucluse) and Beaucaire-Tarascon (3 MW – Gard) facilities developed by CN'AIR, along with the three facilities in Curbans (26 MW – Alpes de Haute-Provence) were brought into service in August 2011.

Nuclear power

In France, GDF SUEZ owns 1,108 MW of drawing rights in the Chooz B and Tricastin power stations, which produced 7.8 TWh in 2011 [(1)].

1.3.1.7 Energy management BU

The mission of the Energy Management BU is:

- to optimize and maximize the value of the Energy France business line electricity assets portfolio;
- to supply and transmit energy to the marketing BUs at the best possible price and with the necessary flexibility and up to end-customer points-of-use for electricity, gas and environmental products (green certificates, CO_2 credits, etc.);
- to manage market risks borne by the business line and achieve portfolio management synergies between the various businesses (upstream-downstream integration, complementarity between production assets, etc.) and with other Group entities (CNR, Energy Europe & International business lines, and Global Gas & LNG).

At the end of 2011, the Energy Management BU had a highly diversified electricity portfolio consisting of complementary technologies: nuclear drawing rights, four combined cycle gas plants and run-of-river and peak-load hydroelectric plants.

With the Global Gas & LNG business line, the BU manages gas supply for combined-cycle plants and the Energy France business line's sales and marketing BUs. It is also responsible for managing transmission over the gas distribution network within the business line's area of responsibility.

In 2011, the BU intensified the exchange of interests for the purchase and sale of energy (gas and electricity France) with the Group's various portfolio management entities in order to limit the need to deal on the wholesale market. As such, it is a participant in the Central Portfolio Management Europe system, which pools portfolio management at the European level.

The Energy Management BU's aim is to support the development, within a structured and appropriate risk framework:

- of a significant, diversified production asset base;
- of sellers:
  - by providing them with competitive sourcing in a market reformed by the NOME (New Organization for the Electricity Market) law, and
  - by providing innovative solutions from Smart Energy Services.

Following the entry into force of the NOME law, and to support the commercial development of the Energy France business line, the Energy management BU reserved 5.26 TWh of electricity from historical nuclear energy (ARENH) for the second half of 2011.

1.3.1.8 Provalys energy performance BU

The Provalys energy performance BU sells gas, electricity and related services to French industrial customers, the private and public service sector, collective housing associations and to local and regional authorities.

As of December 31, 2011 it managed a portfolio of 252,000 gas sites and 116,000 electricity sites. Its gas sales in 2011 were 107 TWh, compared to 140 TWh in 2010.

The BU aims to:

- obtain the loyalty of its customers and maintain its volumes of gas sales;
- 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.

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 brand names, including Gaz de France Provalys, and bases its action on two pillars: customer recognition (relevance, performance, proximity) and responsibility (lasting relationships and support to improve energy management). It offers a range of innovative packages, for example the AlpÉnergie electricity offers, which provide access to a renewable electricity

(1) Not including 100 MW swap with SPE.

supply from GDF SUEZ hydroelectric energy production and offers for energy eco-control engineering.

It has also developed solar power (photovoltaic and thermal) solutions for its entire customer portfolio, thus demonstrating its commitment to sustainable development.

1.3.1.9 Household and business customers BU

The Household and Business Customers BU markets natural gas to 9,393,200 residential customers and more than 252,800 business customers and sells electricity to 1,166,800 residential customers and 85,300 business customers, and related energy services on these two markets, based on:

- a range of energy and service offers associated with a line of consulting services and eco-efficient solutions under two brand names:
  - Gaz de France DolceVita in the household market,
  - Gaz de France Provalys in the small and medium enterprises market;
- a diversified mix of sales channels to ensure the relationship with its customers: call centers, both in-house and sub-contracted to service providers, the website www.dolcevita.gazdefrance.fr and partnerships with the business community, major players in the banking or distribution sector;
- proven and certified skills, including a commitment to quality assurance of its processes and ISO 9001 certification for all its activities (renewal obtained in 2011); and
- and a strong commitment to corporate citizenship, with its support policy and initiatives to reduce fuel poverty through its network of support contacts, and by developing partnerships with over 200 social service contacts, as well as its Corporate Social Responsibility (CSR) policy and "sustainable development" commitments.

The BU's ambition is to become the energy provider chosen by its customers for the quality of its service, and the performance of its offers, and to be the benchmark with the general public for advice and support in energy efficiency matters.

The BU's 2011 highlights

Increased competition on the natural gas market and symbolic milestone of the one-millionth customer on the electricity market

In 2011, the loyalty and resilience of the customer portfolio remained strong even though the year was marked by increased competition when changing location. Over 90% of new connections to the gas network stayed with the Gaz de France DolceVita brand. Lost gas customers stood at 277,000 in 2011 and natural gas sales at 112 TWh.

One of the BU's main challenges is to meet its customers' expectations of dual offers (gas + electricity) and thus to retain their loyalty. In 2011, GDF SUEZ confirmed its position as the main challenger in electricity when it reached the milestone of its one-millionth household customer (+228,000 household customers in 2011).

A sharp improvement in customer satisfaction during a period of intense transformation

Customer satisfaction was up sharply in 2011, putting the BU among the best in its class. The BU is careful to combine the necessary industrialization of its processes in terms of business volumes with a personalized relationship. For this reason, the differentiated treatment of its customers has been implemented around billing and contracts, thus enabling better support for all our customers, from the most vulnerable (through actions to combat fuel poverty and day-to-day work with stakeholders), to so-called "premium" customers (by offering a works planning process, linking with a network of over 3,000 partners, and specific offerings in energy efficiency, even as new competitors, such as major retailers, are emerging in this area).

Innovation serving customers

The BU also encourages innovation among its employees by developing their spirit of initiative, and among its customers by providing them with innovative offers and services such as mobile applications, or the DolceVita Zenbox (a consumption monitoring system combined with a home security system).

1.3.1.10 Household services BU

The mission of the Household Services BU is to develop energy efficiency solutions for residential customers in their homes, incorporating renewable energy sources.

The Energy France business line aims to consolidate its position as a leader in France of multi-solution energy performance for its residential customers, with a clear position based on the quality of the facilities in the long term, end-to-end customer care (advice-works-funding-maintenance), and the development of a package that brings together the energy system and building renovation (insulation).

The BU is positioned across the entire household energy performance value chain, ranging from energy diagnostics and the design/implementation of efficient solutions to the financing of energy renovation works and appliance maintenance.

Savelys

In France, Savelys is active in energy system maintenance for residential customers (individual and collective heating). Its activities include both contractual maintenance of oil-, gas- and timber-fired boilers, heat pumps, air conditioning systems, and solar panels as well as repair and upgrading of all types of heating systems.

Savelys and its 19 subsidiaries, with over 250 locations in France, is the leader in its market (over 1,500,000 boilers and other equipment under contract) with market share of almost 30%.

Its portfolio is broken down as follows:

- 47% individual customers;
- 46% collective customers;
- 7% central heating systems.

In 2011, Savelys posted revenue of €414.4 million, up 4% over 2010. Savelys has around 17,500 heat pumps under contract, which is 27% more than in 2010.

Eco-Comfort

Customer demand and stricter regulatory restrictions have seen the Energy France business line commit voluntarily to energy efficiency and renewable energy for households. The crisis in the photovoltaic market brought about by regulatory changes led the company's BUs to redirect their activities towards thermal comfort, even though for some, photovoltaic activities made up almost 90% of their business. This change entailed major restructuring, particularly for Energia which began bankruptcy proceedings in October 2011.

For 2011, revenue was €40 million, strongly affected by regulatory developments that have negatively impacted the photovoltaic sector in France. All its subsidiaries – PDF/Agenda (regulatory diagnostic and energy audit), ABM Énergie Conseil (thermal engineering & design office), Clipsol (manufacturer of thermal solar systems and photovoltaic integration kits), Energia conseil, Panosol, Coraver and Géothermie du Rhône (installer of renewable energy solutions) - offer a wide range of energy efficiency solutions for the home.

Banque Solfea

Banque Sofea, which specializes in financing eco-efficiency works in the home, has set its sights on becoming an essential player on the eco-efficiency market to meet the challenges of the *Grenelle de l'Environnement*, a multi-party multi-sector environmental forum in France. To do so, it is continuing its development on the thermal energy market, the renewable energy market (including photovoltaic and wind energy) and insulation, in addition to home improvement.

Despite a backdrop of crisis, in 2011 Banque Sofea achieved production of €293 million. Outstanding loans in 2011 totaled €647 million, compared to €572 million for 2010.

Financing for photovoltaic facilities stood at €102 million thanks to the network of skilled and qualified professionals with whom Banque Sofea has had solid relations since 2009.

Financing of renewable energy heating solutions increased by 57% in 2011, highlighting household customers' interest in this type of installation, and the added value of highly-subsidized loans through the Bank's manufacturing partnerships.

Insulation remains a sector to be developed.

The interest-free eco-loan contributed 12.5% of production (works packages, for the most part renewable energy and insulation).

The thermal energy business was down compared to 2010, representing about one-third of Banque Sofea's mandated production.

In December 2011, Standard & Poor's rating agency confirmed its "A long-term" and "A1 short term" ratings.

1.3.1.11 Regulatory framework

Risks related to administrative rates

Some of GDF SUEZ's energy and service sales are made in the context of administered rates, which are subject to regulations. French laws and rules, European regulation, and decisions by the regulators (in particular, the Energy Regulation Commission for access rates to some infrastructures) are likely to affect GDF SUEZ's sales, profits or the profitability of the sales and marketing activities in France, depending on the extent to which supply or non-supply costs can be passed on through gas prices.

Sale price of natural gas

GDF SUEZ sells natural gas based on two pricing systems:

- administrative rates;
- negotiated prices for customers who have opted to select their gas provider and who have therefore left the administrative rate system.

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 French 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 changes 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.

The 2010-2013 public service agreement has set out the framework for rate changes over the period in question by taking into account the following principles:

- changes in supply costs are taken into account each quarter, based on the prices of oil products (heating oil and heavy fuel oil 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.

Formula representing supply costs

In its opinion of August 31, 2010, the CRE confirmed that the formula used from 2008 to 2010 for the public service agreement is a correct approximation of GDF SUEZ's supply costs. This formula incorporates the result of agreements to that date with suppliers on long-term contracts supplying the French market and introduces a market indexation of about 10%, consistent with its contracts. A new adjustment to the rate formula was factored into the rate changes applied from January 1, 2012. In line with the renegotiation of long-term contracts, this formula includes a market indexation of about 26% as of January 1, 2012.

Public distribution rates

Public distribution rates apply to approximately 9.2 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 residential heating, cooking and hot water. This applies to the majority of customers, approximately 6.1 million as of December 31, 2011.

Change in public distribution rates

Pursuant to the new procedure, as defined by the decree of December 18, 2011 and the Order of December 9, 2010, natural gas public distribution rates were increased on average by 5.2% in April 2011. Public distribution rates for industrial and tertiary premises were increased by 3.2% in July and by 4.9% in October.

The French government decreed a freeze of administrative gas rates for household customers in July and October 2011. Two challenges to the decree relating to the move in October 2011 were lodged with the French Council of State: one by GDF SUEZ, the second in interim by the National Association of Retail Energy Operators (Anode). Following the interim challenge lodged by Anode, the Council of State partially suspended the decree relating to the move in October 2011, and requested that the government again decide on the setting of administrative rates for gas supplied by GDF SUEZ public distribution networks. Following this decision, the government decided on a 4.4% increase on January 1, 2012 for all public distribution rate customers.

Subscription Rates

As of December 31, 2011, subscription rates applied to 740 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 price indices representative of supply contracts. 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.

On January 1, 2011, the pricing structure and rates levels were updated to reflect infrastructure costs and marketing costs. Subscription rates moved upwards during 2011, given the changes in supply costs (+ €6.1/MWh).

1.3.2 ENERGY EUROPE & INTERNATIONAL BUSINESS LINE

1.3.2.1 Mission

The Energy Europe & International business line (BEEI) is responsible for the Group's energy activities and services all around the world excluding France. Electricity and natural gas are the core businesses with activities in electricity production, trading, marketing and sales, and on the gas side, transport, storage, distribution, marketing and sales, including LNG regasification terminals. GDF SUEZ Energy Europe & International manages a total of 105 GW [(1)] of capacity in operation with a further 16 GW in construction [(2)]. With operations in 36 countries, BEEI customers include governments, industry, the tertiary sector (commercial and public undertakings), as well as residential energy users.

1.3.2.2 Business strategy & growth priorities

BEEI has established a business model based around two complementary approaches: system player and asset developer.

As a system player BEEI 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 the regulatory and market structure makes market entry and integration possible (e.g. Benelux & Germany, Italy, Romania, Hungary, US & Mexico, Brazil, Chile, Peru, Thailand, Singapore). The "system play" business model is a long-term strategy based on achieving industrial synergies, economies of scale, portfolio management, trading, marketing and sales capabilities, as well as credibility and reputation.

As an asset developer BEEI creates value through the development of greenfield projects and the acquisition of established assets in selected markets that meet its investment criteria. GDF SUEZ Energy Europe & International has been able to execute this investment strategy successfully by virtue of its strong market analysis and business development capabilities, flexibility and the speed at which it is able to take advantage of market opportunities when they arise. This approach can be used to enter markets (e.g. Portugal, Colombia, Panama/Central America, GCC, Turkey, Vietnam, Indonesia, Australia, South Africa), to develop existing positions into system plays or to optimize an existing system (portfolio management).

The main strategy guidelines of BEEI can be summarized as following:

- optimize performance of existing business;
- pursue growth with specific focus on fast growing markets in order to benefit from favorable economic situation and related energy demand evolution while keeping risks under control;
- balance the portfolio in order to reduce volatility and to increase predictability of earnings;
- maintain a diversified energy mix with increased installed capacity of green energy;
- identify sources of future growth & build up new options.

1.3.2.3 Organizational structure

Following the combination with International Power plc (IPR), which occurred on 3 February 2011, the business line was organized in 2011 around three divisions:

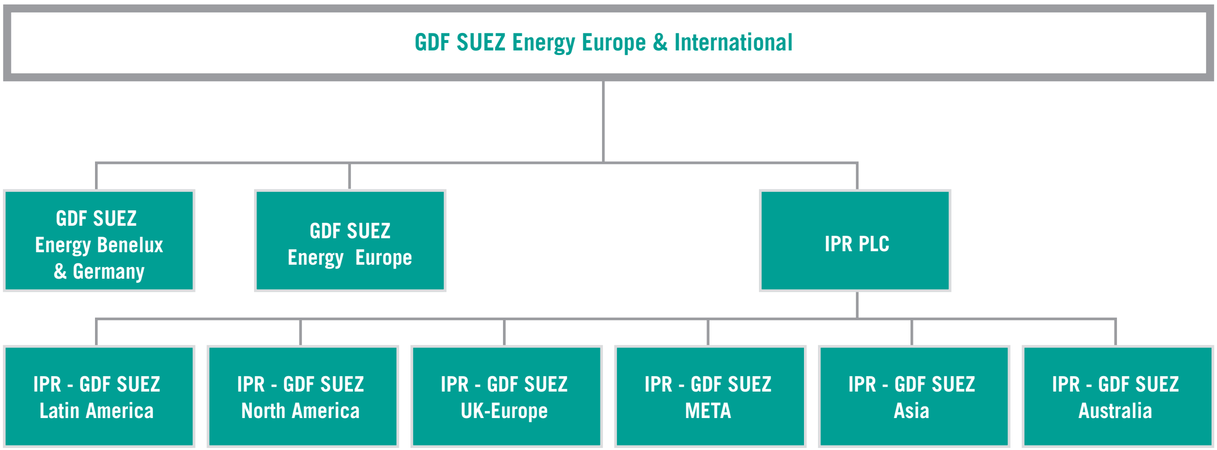
- GDF SUEZ Energy Benelux & Germany (based in Brussels);
- GDF SUEZ Energy Europe (based in Paris);
- IPR (based in London).

IPR covers the following 6 regions: IPR - GDF SUEZ Latin America, IPR - GDF SUEZ North America, IPR - GDF SUEZ UK-Europe, IPR - GDF SUEZ Middle East, Turkey & Africa, IPR - GDF SUEZ Asia and IPR - GDF SUEZ Australia with respective headquarters in Florianopolis (Brazil), Houston (US), London (UK), Dubai (UAE), Bangkok (Thailand) and Melbourne (Australia).

Each division is headed by a manager who is responsible for the financial performance of the operational activities of the relevant business area, and proposes strategic orientations and new development actions.

(1) GW and MW always stand for the maximal net technical capacity of the power plants, which corresponds to the gross power less auto consumption. Installed capacity corresponds to 100% of the power of the plants included in the scope of consolidation (fully and proportionately consolidated companies, as well as equity affiliates).

(2) Projects under construction include the projects not yet under construction but for which the company is contractually bound to build or acquire.



The divisions and regions interact with a "lean" corporate structure that combines teams at the GDF SUEZ Energy Europe & International headquarters in Brussels and International Power's headquarters in London. It is composed of three operational (Operations, Markets & Sales and Business Development Oversight) and three functional (Strategy & Sustainable Development, Finance and HR, Communications & Legal) support departments. The functional support managers and their teams provide supervision, guidance, common methodologies and procedures, suggestions for improvements and knowledge and experience gathered from across the organisation to the divisional and regional teams.

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 divisions, regions and the Group as a whole.

Energy Management

During the last 12 years Trading and Portfolio Management Europe (TPM Europe) has been a leader in the development of European energy markets, 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.

In the course of 2011, the trading activities of TPM Europe, located in Brussels, have merged with those conducted by Gaselys, the Paris based trading platform of GDF SUEZ. GDF SUEZ Trading was set up as the unified regulated trading subsidiary of the Group in continental Europe. This organisational integration has widened the scope and strength of the trading activities, which continue to be developed from the Brussels and Paris trading floors, thereby fulfilling two main missions towards the Group: contribute to the optimisation of GDF SUEZ assets in the wholesale markets and design risk management solutions for the Group's customers.

In addition, the activities of Central Portfolio Management Europe (CPM Europe), which is in charge of developing hedging strategies for the European asset base of BEEI, have been reorganized in order to create more value in changing European markets. By having an integrated view and strategy on power generation, gas contracting and sales activities over a three year forward horizon, CPM Europe can optimize the risk reward profile of the portfolio. This includes some activities performed on behalf of the Energy France and Global Gas and LNG business lines, in order to maximize the integrated approach throughout the Group. Thanks to its experience and scope, CPM Europe offers products and services combining the physical supply of electricity and natural gas with financial instruments, together with GDF SUEZ Trading.

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

In addition, CPME is in charge of the physical procurement of internationally traded coal and biomass for the power plants of BEEI in Europe, with operations in Belgium, The Netherlands, Germany and Poland. The deliveries of biomass to Rodenhuize, one of the largest 100% biomass fired power stations in the world, successfully started in the spring of 2011.

During 2011, BEEI has optimized net flows of 151 TWh of power, 241 TWh of gas, 6 million tons of coal and 1.4 million tons of biomass in Europe.

A significant proportion of the IPR assets in the UK, North America, Latin America, Asia and Australia operate on a merchant basis. Furthermore, the costs associated with the power that is generated are principally driven by the prices of natural gas and coal, which are subject to volatility. The Trading & Portfolio Management (TPM) teams are responsible for optimising the portfolio and will limit IPR's exposure to market movements by forward selling a proportion of the assets' anticipated output and buying the related commodities including fuel, transmission rights, capacity and emission certificates. The TPM teams also carry out some proprietary trading. This non asset-backed trading activity has strict risk limits and controls. In addition the TPM teams procure fuel under a variety of contractual arrangements ranging from long-term fuel supply agreements to on-the-day merchant gas purchases. The principal determinant of the fuel supply activity is the need to match purchases to power sales, both in terms of volume, timing and price.

Risk Management & Governance

The portfolio management activities are governed by strict risk policies. Risk control teams are reporting to the CFOs of respectively the business areas Benelux & Germany and Europe, and are thus independent from the operational managerial line. On a daily basis, risk control monitors the performance and the market risk and compliance of the portfolio.

In order to reduce the risk of adverse commercial outcomes, IPR devotes significant resources to the maintenance, oversight and development of its risk management policies and procedures, as evidenced by the global risk management policy, risk management capabilities and information technology systems. Trading and forward contracting strategies are continually reviewed by regional and corporate TPM and risk management professionals, to ensure they are best suited to both local market conditions and corporate risk guidelines. Oversight of the TPM operations is provided by IPR's Global Commodities Risk Committee (GCRC). The GCRC acts under the authority of the Board, and delegates limits and authorities to local risk committees, which have been established in each of our merchant market regions to oversee the management of market, operational and credit risks arising from our marketing and trading activities.

1.3.2.4 Key figures

Altogether, GSEEI activities represented nearly €36,656 million of revenues in 2011 for a total workforce of 35,684 (1) people as of December 2011.

In millions of euros	2011	2010	Organic %
Revenues	36,656	31,770	2.9%
EBITDA	7,453	5,831	6.2%

Note*	Benelux & Germany	Europe	IPR
Capacity in operation *(GW)*	18.6	12.6	75.6
Capacity in construction *(GW)*	1.5	0.3	12.8
Electricity production *(TWh)*	82.9	39.2	304.9
Electricity sales *(TWh)*	120.4	40.1	229.0
Gas sales *(TWh)*	82.3	87.4	112.5

* *All information as of December 31, 2011. Installed capacity is consolidated at 100%; sales figures are consolidated according to accounting rules.*

1.3.2.5 GDF SUEZ Energy Europe & International 2011 Highlights

February

- International Power plc and GDF SUEZ successfully created a global leader in independent power generation.

March

- GDF SUEZ Energy Europe - In Italy, an agreement to terminate the joint-venture was signed between GDF SUEZ and Acea. Following this agreement, GDF SUEZ activities in Italy is managed through GDF SUEZ Energia Italia as follows: GDF SUEZ Produzione is in charge of power production; GDF SUEZ Energy Management is in charge of sourcing and managing gas and power and GDF SUEZ Energie is in charge of marketing and sales. In October, GDF SUEZ finalized the sale of its Italian natural gas distribution assets.

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

May

- IPR - GDF SUEZ Middle East, Turkey and Africa - Ras Laffan C, Qatar's largest power desalination plant (2,730 MW and 286,000 m^3 of water/day) was inaugurated.
- IPR - GDF SUEZ UK Europe - International Power announced that it agreed to the sale of its 33.3% equity interest in the 420 MW T-Power CCGT power plant in Belgium for €48 million to Itochu, a leading Japanese conglomerate.

June

- IPR - GDF SUEZ Asia and PT Supreme Energy entered into three joint venture agreements with Sumitimo Corporation (for 2 projects) and Marubeni Corporation (for 1 project) for the development of three geothermal projects located in the South Sumatra Province (Indonesia).

July

- IPR - GDF SUEZ North America - The 575 MW Astoria Energy II power plant in New York (USA) entered commercial operation.
- GDF SUEZ Energy Europe - In Hungary, a net 397 MW combined-cycle gas turbine (CCGT) power generation unit on the site of the GDF SUEZ owned Dunamenti power plant was inaugurated using the best available technology. The €200 million brown-field investment, started in 2009 and including the repowering of an existing steam turbine, increased significantly the generation efficiency from 36% to 57% and reduced the CO_2 emissions of the power plant.
- IPR - GDF SUEZ Latin America – In Chile, the 150 MW CTA power plant started commercial operation, followed one month later by the 151 MW CTH power plant.

August

- GDF SUEZ Energy Benelux and Germany - Electrabel and six major industrial companies operating in Belgium and grouped together in the Blue Sky consortium (Aperam, ArcelorMittal, Aurubis Belgium, Sol Feluy, Solvay and Umicore) finalised a joint investment agreement in thermal and nuclear production capacity.
- IPR - GDF SUEZ North America announced further progress in developing wind energy in Canada with new Power Purchase Agreements (PPAs) secured for two 99 MW wind farms in Ontario and the construction preparation of Cape Scott 1, a 99 MW wind development in British Columbia.

September

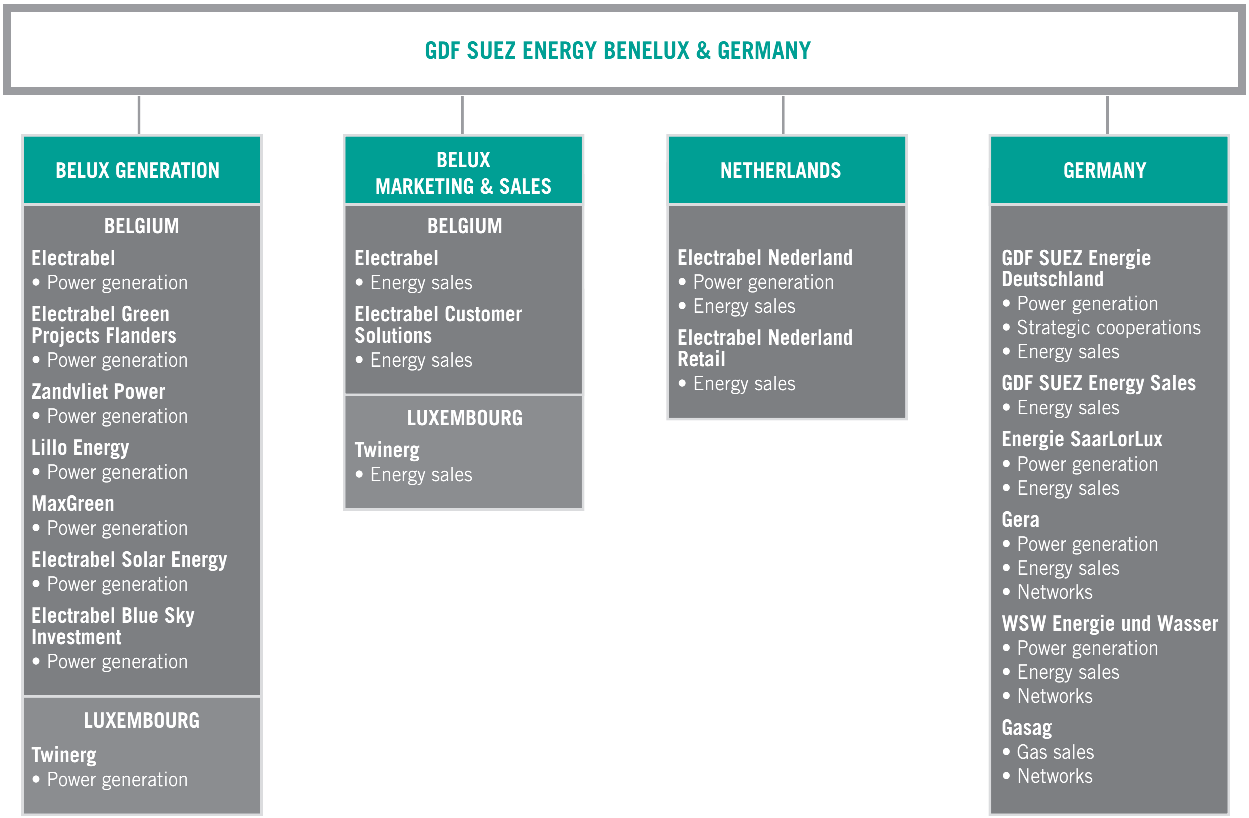
- GDF SUEZ Energy Benelux and Germany - Electrabel unveiled the Rodenhuize 100% biomass power station (Max Green) in Belgium.
- GDF SUEZ Energy Europe - While construction works of the world's biggest biomass fired unit (190 MW) progressed well in Poland, GDF SUEZ Energy Romania launched the implementation of the first renewable power generation asset (wind farm) with a capacity of nearly 50 MW.
- IPR – GDF SUEZ Latin America - The first four generation units, out of a total of eight, of the Estreito hydro power plant are operational at the end of 2011. Tractebel Energia holds a 40.1% interest in Estreito; this portion stands for 256 MW assured energy which has already been sold under 30-year contracts starting in 2012.

November

- IPR - GDF SUEZ Australia - The Clean Energy Future legislative package – which includes a proposed carbon tax - is passed by both houses of the Australian Parliament.

1.3.2.6 GDF SUEZ Energy Benelux & Germany

GDF SUEZ Energy Benelux and Germany 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 four entities: two countries (the Netherlands and Germany) and two business segments in Belux (power generation and marketing & sales).



In Benelux and Germany, GDF SUEZ is developing, through its fully owned subsidiaries Electrabel and GDF SUEZ Energie Deutschland, a balanced strategy, aiming at creating value as a system player via the development of competitive advantages through:

- development of a diversified, flexible, energy efficient, cost competitive and sustainable electricity generation portfolio, in order to consolidate its position on the copper plate of Central West Europe (CWE);
- development of a balanced sales portfolio focusing on value creation by offering integrated energy solutions (combined offering of electricity, gas, heat and energy services) to its customers;
- dynamic management of its generation/sales portfolio, by taking full advantage of the development of the regional CWE market.

Belgium

In Belgium, GDF SUEZ' fully owned subsidiary Electrabel is the leading player in the power sector with a generation capacity of approximately 10,857 MW, including its share in the nuclear power units in Doel and Tihange, several fossil fuel fired power plants (mainly gas-fired), a wide range of renewable energy installations and a pumped storage facility in Coo. Electrabel has commissioned in 2011 several wind farms and a 100% biomass-fired unit (Max Green) at Rodenhuize.

Electrabel has on the one hand an important portfolio of large industrial customers, mainly for supply of electricity but also for natural gas, heat and energy services, and is on the other hand active in the electricity and gas retail market segments, with approximately 3.2 million electricity and 1.8 million gas customers.

In 2011, the company signed an important agreement, effective as from 2012, with six major industrial companies that have important electro-intensive activities in Belgium (grouped together in the Blue Sky Consortium). The agreement includes mutual commitments regarding co-investments in new gas-fired and nuclear power capacity and the granting to the Blue Sky Consortium of drawing rights in existing nuclear power plants.

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 carbon foot print and helping its customers to reduce their energy consumption and carbon emissions. The company has pursued this policy in 2011, amongst others by increasing the efficiency of its generating facilities and by developing several renewable energy projects. Electrabel remains the leading supplier of green power in Belgium, and is also the most important green producer with a total installed capacity of 516 MW and 600,000 end customers who subscribed a green energy supply contract. Together with eight industrial partners the company introduced in 2011 a concession file aiming to build the seventh offshore wind farm off the Belgian coast. For this purpose the Mermaid consortium has been set up, with Electrabel holding 35% of the project and the other partners (Otary) 65%.

Electrabel pursued its campaign launched end 2010 focusing on customer service, which has substantially improved since full market liberalization but which remains a constant challenge and a major objective for the company. The campaign is based on five concrete commitments towards its residential and professional retail customers; the company also focuses on the service level for its business customers.

Following the nuclear accident that occurred in March 2011 in Fukushima (Japan), the European and Belgian authorities imposed stress tests in order to assess the risks of the nuclear power plants. Electrabel fully cooperated in designing and carrying out these tests in Belgium. End October 2011, the company presented its reports to the Federal Agency for Nuclear Control (FANC). The results of the FANC report issued in December 2011 are positive for Electrabel.

During the negotiations to form a new government, end of 2011, the political parties involved decided not to review the existing legislation to allow 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), pending the results of a report on the security of electricity supply of the country to be finalised by the end of the first half of 2012.

The Belgian authorities have since 2008 claimed each year a nuclear contribution of about €250 million, of which the largest share had to be borne by Electrabel (€212.3 million in 2010 and €212.2 million in 2011). In 2011, Electrabel has launched an appeal against the contributions for the years 2008, 2009 and 2010 with the Brussels Court of first instance. During the abovementioned negotiations to form a new government, it was also decided to substantially raise this contribution to €550 million in total for the nuclear power producers for the year 2012.

By refusing the lifetime extension of Doel 1-2 and Tihange 1 and by raising the amount of the nuclear contribution, the Belgian government would fail to honour its commitments to the Group, which were laid down in the protocol agreement signed by the Prime Minister and the Energy Minister on 22 October 2009 on behalf of the Belgian State. This agreement marked a shared commitment to seeing the Group continue to operate in Belgium in a long-term stable legal framework. GDF SUEZ has confirmed at different occasions its willingness to respect the commitments that it has agreed upon and considers that the agreement is also binding for the Belgian authorities.

The electricity wholesale market is very open and the use of the interconnection capacity with the neighbouring countries is available for all suppliers in order to enhance market liquidity and competition. The available interconnection capacity amounts to almost 40% of Belgium's domestic demand, which makes Belgium one of the most interconnected countries in the European Union. The trilateral coupling of the Belgian, French and Dutch day ahead wholesale markets has proven its ability to operate efficiently leading to converging prices in the three markets. This market coupling has been extended to Germany as from November 9, 2010, which is an important step in the development of the Central West European market and its integration with the Nordic market. In 2011 initiatives have been taken to further integrate the national markets amongst other things by setting up cross border intraday power markets; such an integration should allow the Group to further optimize its operations in this regional market and allow transmission system operators to cover their balancing and reserve capacity needs more efficiently.

As a consequence of the liberalization process of the electricity and gas markets, Electrabel's and the Group's involvement in grid activities in Belgium has been substantially reduced over the past years. The Group had already in 2010 completely stepped out of the capital of the national transmission system operators Fluxys (gas) and Elia (electricity), and Electrabel had also significantly reduced its involvement and financial participation in the distribution system operators. In 2011, the company has decided to fully waive its participation in the Board of the Flemish distribution grid company Eandis, and to only maintain a minority share with limited voting rights in the intermunicipal companies that act as distribution system operators in the Flemish region.

The Netherlands

In the Netherlands, GDF SUEZ is a major electricity generator through its subsidiary Electrabel Nederland, with a share of approximately 20% in the overall generating capacity in the Netherlands. Its production is mainly sold via the wholesale market to industrial consumers and suppliers. Electrabel Nederland is also supplying electricity and gas on the retail market.

The power plant portfolio totalling a generating capacity of 4,854 MW consists of five gas-fired power plants, a coal-fired power plant which has the ability to co-fire 30% with biomass, and nine wind turbines. At the end of 2011, Electrabel's renewable energy capacity amounted to 207 MW. The company has the ambition to grow in renewable energy by developing projects in wind, biomass and green gas. Electrabel is building a new coal-biomass power plant in Rotterdam with a capacity of 736 MW which will start operating in 2013.

In the framework of its annual budget presentation the Dutch government has proposed a 'Green Deal' with the power sector, which shall encourage the necessary investment to reach the Netherlands' 2020 target for renewables and stimulate the Dutch economy. Highlights of this covenant are the introduction of a 10% biomass co-firing obligation for existing coal-fired power plants during the period 2012-2014 and the aim to replace the existing SDE *(Stimulering Duurzame Energieproductie)* subsidy scheme for renewables by a market-based supplier quota system as of 2015.

Electrabel is actively involved, either directly or indirectly via the new national association *Vereniging Energie Nederland*, in discussions on regulation, and is systematically assessing the impact of changes in legislation and market structure on its business. Specific issues discussed in 2011 are a new retail market model linked to the planned large scale roll-out of smart electricity and gas meters and the gas quality management in the Dutch grid which becomes more important due to increasing imports of natural gas.

In order to enhance the visibility of the Group in the Netherlands, it has been decided to change the local company name *Electrabel Nederland* as from January 9, 2012 to *GDF SUEZ Nederland*. The brand name Electrabel will however continue to be used in the retail market.

Germany

GDF SUEZ is active in the energy sector in Germany via its subsidiary GDF SUEZ Energie Deutschland AG. Having successfully integrated the three power plants that it acquired in November 2009 into its portfolio, the Group has initiated an ambitious maintenance program aiming to improve the efficiency factors while increasing the technical flexibility of its plants.

The program resulted in investments for major overhauls of the two coal-fired power plants in Farge and Zolling in 2011. GDF SUEZ Energie Deutschland also finished the modernization of the Römerbrücke power plant in Saarbrücken.

The power generation capacity of GDF SUEZ Energie Deutschland is now 2,508 MW: coal-fired power plants with a total capacity of 1,238 MW, 132 MW of hydroelectric capacity and 368 MW gas-fired cogeneration capacity. GDF SUEZ Energie Deutschland will operate a new CO_2 capture ready 731 MW pulverised coal-fired plant currently under construction in Wilhelmshaven. A large part of the civil works is completed.

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 *Energieversorgung Gera GmbH* and *Kraftwerke Gera GmbH, Energie SaarLorLux AG, WSW Energie & Wasser AG* and *GASAG Berliner Gaswerke AG*.

The overall objectives set by the German government in October 2010 for the transition into the era of renewable energies have been confirmed. The allocation of supplemental production quotas to the nuclear power plants however has been subject to a complete u-turn after the Fukushima accident when eight of the 17 nuclear plants had to be shut down immediately in the framework of a three months moratorium. Later the government decided an immediate closure of the plants that were subject to the moratorium and a complete phase out of nuclear generation in Germany by the year 2022.

The Group is closely watching the development of the regulatory framework for renewable energy in Germany and is exploring options for investing in renewable energy sources together with its municipal partners. A first investment has been made with the acquisition of a 12.5 MW onshore wind farm in Helmstadt, northern Bavaria.

Luxembourg

The Group is a leading player in Luxembourg with the 376 MW gas power plant of Twinerg. Since February 2011, this plant provides heating services to the new residential neighborhoods of Belval, Esch Sud and Esch Nord.

1.3.2.7 GDF SUEZ Energy Europe

GDF SUEZ Energy Europe (GSEE) manages a diversified energy production portfolio, with a predominance of natural gas and a significant share of renewable energies. It includes the Group's energy activities in Europe (outside France, United Kingdom except Nugen, Belgium, Netherlands, Luxembourg and Germany).

GSEE's main businesses are electricity production, transport, distribution and storage of natural gas, sales, trading and portfolio management. GSEE is present in three geographic areas, known as Lead Operational Companies:

- Central Europe and Iberia: Poland, Hungary, Spain and Portugal;
- Southern Europe: Italy and Greece;
- Eastern Europe: Romania and Slovakia.

GDF SUEZ ENERGY EUROPE

CENTRAL EUROPE AND IBERIA

POLAND

GDF SUEZ Energia Polska
- Power generation

HUNGARY

GDF SUEZ Energia Holding Hungary
- Support and management activities

Dunamenti
- Power generation

GDF SUEZ Energia Magyaorszàg
- Natural gas commercialization

Égáz-Dégáz Földgázelosztó
- Natural gas distribution

SPAIN

GDF SUEZ Energía España SLU

AES Energia Carthagena

Castelnou Energia S.L
- Power generation & sales

Medgaz SA
- Natural gas transport

PORTUGAL

Eurowind

Generg SGDS SA
- Power generation

Portgas SA
- Gaz distribution

SOUTHERN EUROPE

ITALY

GDF SUEZ Energia Italia
- Energy management

GDF SUEZ Energie
- Power and gas sales

GDF SUEZ Produzione
- Power generation

GDF SUEZ Rinnovabili
- Power generation

Rosen Rosignano Energia
- Power generation

GDF SUEZ Italia Holding Partecipazioni

Tirreno Power
Tirreno Solar
- Power generation

GREECE

Heron 1 and 2
- Power generation

EASTERN EUROPE

ROMANIA

GDF SUEZ Energy Romania SA

Distrigaz Sud Retele SRL

Distrigaz Confort SRL
- Natural gas distribution and commercialization
- Energy services

Amgaz SA

Depomures SA
- Natural gas storage

SLOVAKIA

SPP a.s
- Natural gas transport, distribution and commercialization

Nafta, Pozagas a.s
SPP Bohemia
- Natural gas storage

GSEE pursues two objectives:

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

Central Europe and Iberia

Poland

The Group operates a coal/biomass co-combustion power plant in Polaniec of 1,452 MW. In 2011, the Polaniec plant produced 8 TWh of electricity, of which 0.77 TWh is considered renewable from biomass.

The Group sells electricity to industrial customers and on the wholesale market. The Group's new investments are currently focused on diversification of fuel mix and in particular on production from renewable energy sources. A new unit of 190 MW entirely fuelled by biomass is being constructed next to the co-fired power station of Polaniec and will replace old coal-fired boilers. After its expected commercial operation date at the end of 2012, this unit will be one of the world's biggest biomass units, and benefit from renewable energy support. At the same time, the first Group wind farm in Poland, the 21 MW wind farm of Jarogniew-Moltowo, started its operations on January 1, 2011. In 2010, GDF SUEZ has acquired two other wind projects, Wartkowo (30 MW), on line end of 2011, and Pagow (51 MW), expected to come on line in 2012.

The Group has started development of gas sales in Poland by acquiring gas import capacities for 2012.

Hungary

In Hungary, GDF SUEZ owns a majority stake in the Dunamenti power plant mainly fuelled by natural gas, which has a total net installed electric capacity of 1,867 MW and 1,000 MW of heat generation capacity. Dunamenti is Hungary's largest conventional power generation unit in terms of installed capacity representing close to 20% of the country's total installed capacity. In July, G3 a net 397 MW combined-cycle gas turbine (CCGT) power generation unit on the Dunamenti site was inaugurated using the best available technology. The €200 million brown-field investment, started in 2009 and including the repowering of an existing steam turbine, increased significantly the generation efficiency from 36% to 57% and reduced the CO_2 emissions of the power plant.

GDF SUEZ Energy Hungary also sells natural gas and electricity. Égáz-Dégáz Földgázelosztó, its 100% subsidiary (through EIH, fully owned by GDF SUEZ), is active in natural gas distribution. As of December 31, 2011, it operates a 23,000 km long distribution network and it distributes 1.8 bcm of natural gas to 810,000 customers, which accounts for around 12% of the total natural gas consumption of Hungary.

Portugal

GSEE electricity activities in Portugal are focused on renewable energy. Through its 100% owned subsidiary Eurowind, the Group controls a total of 214 MW installed and operating wind capacity. The Group also holds a 42.5% stake in Generg, a group of companies with 436 MW wind, 33 MW hydroelectric power and 19 MW of solar energy capacity.

GSEE 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.

Spain

GDF SUEZ fully owns Castelnou Energia, a 794 MW combined-cycle natural gas facility, and holds a 26% stake in AES Energia Cartagena, a 1,199 MW combined-cycle plant. Under an energy management contract, the Group supplies the latter with natural gas, and receives in return the entire electric output generated by the Cartagena plant. The energy of both power plants is sold on the wholesale market.

GDF SUEZ and AES Corp have entered into an agreement by which GDF SUEZ will increase its participation in AES Energía Cartagena from 26% to 83% with the option, starting 13 months after closing, to raise its participation to 97%. Closing is expected in February 2012, subject to the approval by the relevant authorities.

With a 12.5% stake in the Medgaz consortium, the Group is active in the gas pipeline between Algeria and Spain which has a capacity of 8 billion cubic meters (bcm)/year and a length of 210 km.

Southern Europe

Italy

The main activities of GDF SUEZ in Italy are generation and sales of electricity and natural gas. Based on public information from the annual report of AEEG, the Italian electricity and gas regulatory authority, in 2010 GDF SUEZ ranked as:

- the third operator in gas sales to final customers with 4.5 bcm sold (excluding power generation consumption);
- the fourth operator in power generation in terms of capacity with 6 GW.

In the first trimester of 2011, GDF SUEZ and Acea terminated their joint venture agreement according to the agreement signed on September 16, 2010. Following the termination, GDF SUEZ activities in Italy are managed through GDF SUEZ Energia Italia as follows:

- GDF SUEZ Produzione is in charge of operation and maintenance of power generation capacity owned by GDF SUEZ Energia Italia (both thermoelectric and renewable);
- GDF SUEZ Energy is in charge of marketing and sales and will serve more than 1.4 million customers in gas and power;
- GDF SUEZ Energy Management is in charge of sourcing and managing gas and power (40 TWh of gas and 15 TWh of power) for both its generation activities and for its customer base in Italy.

The termination of the joint venture with Acea creates a fully controlled power and gas utility with the following key figures:

- 6 GW of installed capacity (including GDF SUEZ Energia Italia, Cofely, Tirreno Power (50%));
- 300,000 customers in a newly-built electricity customer portfolio;
- 206 MW in renewables (wind).

On October 3, 2011, GDF SUEZ has closed the sale of G6 Rete Gas to the consortium composed by F2i infrastructure fund, AXA Private Equity and Enel Distribution. The transaction priced the distribution assets at €772 million, which amounts to 103% of the 2010 regulated asset base, 9.3 times Ebitda and 17.5 times net income.

The GDF SUEZ brand for electricity and gas was officially launched in Italy in May 2011 with a broad media campaign.

Greece

The Group is present in electricity production through a joint venture with GEK TERNA (a Greek private power production, construction and real estate group) in Heron I and II (located in Viotia). Heron I is a 148 MW open cycle gas-fired plant and is in operation since 2004. Heron II, a 422 MW combined cycle gas-fired power plant, started its operation in August 2010.

Eastern Europe

Romania

GDF SUEZ Energy Romania SA is active in natural gas commercialization and distribution. In 2011, the company supplied natural gas to around 1.4 million customers located mostly in the Southern part of the country and operates, through its subsidiary Distrigaz Sud Retele, a 16,800 km long distribution network. It is also active in the energy services sector through its affiliate Distrigaz Confort which serves 610,000 customers since it started its activity in 2009.

GDF SUEZ is present in natural gas storage, through its subsidiaries Amgaz and Depomures, which have a total of 320 million cubic meters of working capacity.

In November 2012, the Baragan project, a wind farm of 48 MW is expected to be commissioned.

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 transported 77 billion cubic meters in 2011. SPP Distribucia, a subsidiary of SPP, owns and operates the Slovak gas distribution network. SPP is also active in natural gas sales, and supplied around 1.5 million residential customers in 2011 through a network of 32,960 km.

SPP holds several participations in natural gas storage facilities in Slovakia and the Czech Republic through Nafta, SPP Bohemia and Pozagas with a total storage capacity of 3.4 bcm.

United Kingdom - NUGEN

In October 2009, a consortium of GDF SUEZ, Iberdrola SA and Scottish and Southern Energy Plc was 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. The project is currently in predevelopment stage. In November 2010, the consortium announced that their joint venture company, NuGeneration Ltd (NuGen), was fully established. In September 2011, GDF SUEZ and IBERDROLA said they had been informed by Scottish and Southern Energy that it had decided to end its involvement in the joint venture company NuGen. IBERDROLA and GDF SUEZ confirmed their commitment to NuGen and said that they would bring their respective stakes in the project to 50%.

Regulatory environment

European Union legislation applies to all countries in which GSEE is active. GSEE will pay particular attention to the EU-ETS phase III regulation, with possible derogations from EUA auctioning for Poland, Hungary and Romania. The transposition of the Industrial Emissions Directive is also closely followed by the GSEE.

Locally, GSEE is monitoring closely regulatory developments with a possible impact on its activities: renewable support regulation (Poland, Portugal, Spain, Italy), capacity remuneration schemes (Spain, Italy) and gas tariff regulation (Hungary, Romania).

1.3.2.8 International Power plc (IPR)

International Power plc is a world leading independent power generator operating across 30 countries with 75,579 MW in operation and a significant programme of 12,820 MW projects under construction as at 31 December 2011.

Following the Combination of International Power and GDF SUEZ's Energy International Business Areas (outside Europe) the enlarged International Power is active in six business areas (Latin America, North America, UK-Europe, the Middle East, Turkey and Africa (META), Asia and Australia).

Generating value for the long-term is central to the business model. To achieve this, the company uses a portfolio management approach, which involves maintaining a balanced portfolio in terms of geographical spread, fuel, technology and contract type. This provides access to multiple opportunities, whilst mitigating the risks through diversification.

In addition to operations in power generation, International Power seeks to create industrial synergies through investing in closely linked businesses such as downstream LNG, gas distribution, desalination and retail.

International Power maintains a balanced presence in both merchant and contracted markets, providing the business with a stable platform of long-term contracted earnings and cash flow, overlaid by merchant generation which offers a greater potential for superior returns when market conditions are favorable.

International Power is focused on operating efficiently and responsibly to maximize the value from its current portfolio and to deliver growth in shareholder value. The strategy to realise this growth is based upon:

- building new generation capacity in fast growing emerging markets;
- capturing the benefit from recovery in merchant markets;
- delivery of synergies and efficiency improvements from the combination with GDF SUEZ;
- recycling of capital;
- selective acquisitions.

International Power is listed on the London Stock Exchange with ticker symbol IPR. GDF SUEZ holds a 70% interest in International Power plc.

Altogether, IPR activities represented nearly €15,754 million of revenues in 2011 for a total workforce of 4,761 [(1)] people as of December 2011.

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

In millions of euros	2011	2010	Organic %
Revenues	15,754	11,022	8.3%
EBITDA	4,225	2,533	17.3%

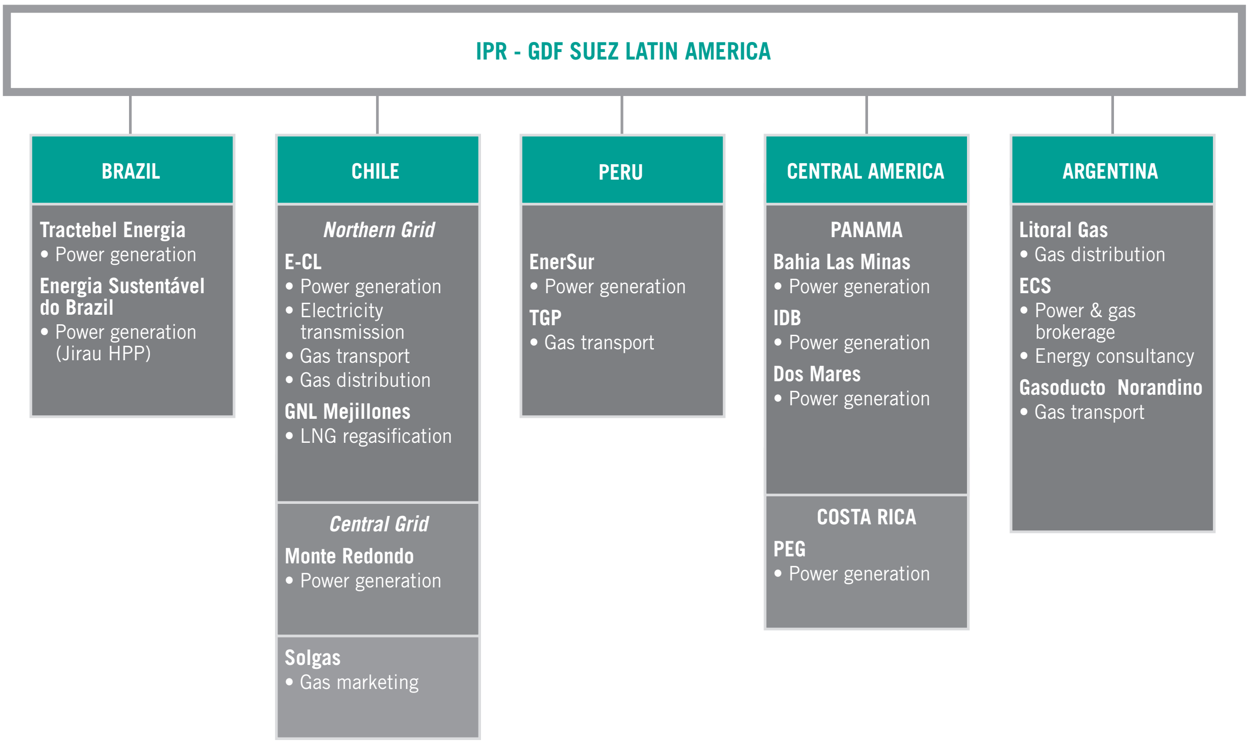
Note*	Latin America	North America	UK-Europe	Middle East, Turkey & Africa	Asia	Australia
Capacity in operation *(GW)*	11.5	14.9	13.9	22.1	9.6	3.5
Capacity in construction *(GW)*	5.5	0.4	0	4.0	2.9	0
Electricity production *(TWh)*	57.3	48.1	32.3	93.6	51.3	22.3
Electricity sales *(TWh)*	49.2	79.2	34.9	19.6	21.8	24.2
Gas sales *(TWh)*	17	63.4	23.5	3.9	2.4	2.3

* *All information as of December 31, 2011. Installed capacity is consolidated at 100%; sales figures are consolidated according to accounting rules.*

1.3.2.8.1 IPR- GDF SUEZ Latin America

IPR - GDF SUEZ Energy Latin America (IPR-GSELA) manages all the Group's gas and electricity activities in Latin America which are mainly located in Brazil, Chile and Peru but also in Panama, Costa Rica and Argentina.

IPR-GSELA is organised into five countries/regions: Brazil, Chile, Peru, Central America and Argentina.



IPR-GSELA manages more than 11.5 GW of power capacity in operation and a further 5.5 GW of power capacity is in the construction phase.

IPR-GSELA's strategy is to sustain its growth in Latin America by reinforcing its strong positions in three key markets (Brazil, Chile and Peru) and using them as the basis for further development. Further opportunities in power generation are currently being pursued in Panama and Colombia. IPR-GSELA's natural gas activities are linked to its core power generation business and are currently being complemented with LNG activities. Potential opportunities in LNG activities are also being examined in Uruguay.

IPR-GSELA is currently pursuing development opportunities in carbon-light energy sources, principally in the areas of hydro, biomass and wind energy projects across the region.

Brazil

In Brazil, IPR-GSELA's existing power assets and the development of selected small and medium sized power plants are managed by Tractebel Energia (TBLE). The development of large projects is carried out by International Power Energy Latin America Participações Ltda. TBLE, the country's largest independent electricity producer, is 68.7% owned by International Power (which is in turn owned 70% by GDF SUEZ). TBLE shares are traded on the Novo Mercado stock exchange. TBLE sells the majority of the electricity that it produces through bilateral contracts entered into with distribution companies and industrial customers. The company operates an installed capacity of 8,522 MW mainly generated through hydropower projects (this figure takes into account the full ramp-up of the 1,087 MW Estreito hydro power plant, expected for 2012). This represents approximately 7% of the total installed power generation capacity in Brazil.

The first four generation units, out of a total of eight, of the Estreito hydro power plant are operational since end of 2011. TBLE holds a 40.1% interest in Estreito; this portion stands for 256 MW assured energy which has already been sold under 30-year contracts starting in 2012.

In 2008, IPR-GSELA won, with its partners, the concession to build, own and operate the 3,300 MW Jirau greenfield hydropower project. In 2011, the capacity of the project was increased to 3,750 MW, with the addition of six generating units. The project is 50.1% owned by IPR- GSELA and 30-year power purchase agreements (PPAs) have been entered into with distribution companies for the off-take of 73% of the project's 2,184 MW assured energy production. The price payable under the PPAs was set through an auction process, and is adapted for inflation. These PPAs will become effective in 2013 and 2014 (new units). The remaining assured energy will be sold on the free industrial market. In September 2011, the flow of the Madeira river was deviated to pass through the gates of the project´s spillway. Maximum assured energy level is expected to be reached in H2 2013.

Peru

In Peru, IPR-GSELA owns 61.73% of EnerSur, which has an installed power generation capacity of 1042 MW. In 2011, EnerSur is the second largest private power generator in Peru, and the third overall. EnerSur has a market share of around 16%. EnerSur shares are traded on the Lima stock exchange.

Projects under construction include the conversion of the 541MW thermal power station at ChilcaUno near Lima to a combined cycle facility with an expected total capacity of about 807MW; the construction of a new 112 MW hydroelectric power plant at Quitaracsa, 500 km to the north east of Lima, and the construction and operation of a 564 MW thermoelectric plant located in Ilo (south of Peru), as a reserve power facility to guarantee the supply and power reliability of the National Interconnected Electric System (SEIN). These three projects are expected to be fully operational between end 2012 and 2014. In December, EnerSur entered into a supply contract with Hidrandina SA for up to 120 MW of power for the regulated electricity market in 2012 and 2013.

IPR-GSELA also has natural gas transmission activities with a 8.1% stake in TGP, which transports natural gas and liquid natural gas in Peru.

Chile

E-CL is the fourth largest generation company in Chile and is the leading company in electricity generation in Northern Chile, with an installed capacity of 2,309 MW. IPR-GSELA owns 52.76% of E.CL shares. Its subsidiary Electroandina operates a 2,080 km long transmission network and its subsidiary Distrinor supplies industrial customers through its distribution network.

In July/August 2011, E.CL´s Andina and Hornitos coal-fired power plants (Fluidized Bed technology) started commercial operations, contributing 300 MW of generation capacity to the SING *(Sistema Interconectado del Norte Grande)*.

IPR-GSELA also holds a 63% stake in the Mejillones LNG terminal (GNLM) which became commercially operational in April 2010. In November 2010, GNLM launched the construction of an onshore LNG storage tank. The storage tank, which will be completed by third quarter of 2013, will have a capacity of 175,000 m^3.

In January 2011, Solgas was created as a 100% IPR-GSELA affiliate, dedicated to purchasing, selling and distributing gas to industrial clients. Since April 2011, Solgas is selling natural gas sourced from GNLM to industrial clients connected to the NorAndino pipeline.

In Chile's Central Electricity Grid, the Group's two main assets are:

- Monte Redondo, wind farm, of which the commercial operation capacity reached 48 MW on February 2, 2011;
- Laja 1 Hydropower Plant, a 34 MW run-of-the-river plant under construction, with commercial operations expected for the second quarter of 2012.

Panama

Currently, IPR-GSELA holds 391 MW installed capacity and is the second largest independent electric power producer in the Panama electricity market.

IPR-GSELA has a 51% controlling interest in the 249 MW Bahia Las Minas thermal generating complex. IPR-GSELA also controls and operates the I.D.B Cativa 83 MW thermal plant. IPGSCA IPR-GSELA also acquired concessions (Gualaca, Lorena and Prudencia) for the construction of three hydro-electric power plants, with an expected total capacity of 118 MW. The first two plants are operational. The last Plant, Prudencia, is now expected to become fully operational in 2013.

Costa Rica

In 2008, IPR-GSELA entered the Costa Rican market and now controls and operates the 50 MW Guanacaste wind farm which became operational in 2009.

Argentina

In Argentina, IPR-GSELA holds an indirect 64% interest in Litoral Gas SA, a gas distribution company which has approximately 635,000 customers and a market share of 12% in terms of volume delivered according to the regulatory authority, ENARGAS. In addition, IPR-GSELA holds a 46.7% interest in ECS (Energy Consulting Services), an electricity and gas retail and consultancy company. IPR-GSELA also holds a 84.7% interest in Gasoducto Norandino, a gas transmission company connecting Argentina with Northern Chile.

Bolivia

On May 1, 2010, the Bolivian state nationalised a number of electricity companies in Bolivia. Among these companies was *Empresa Electrica Corani SA*, a 147 MW power station that became an asset of GDF SUEZ Energy Europe & International in October 2008 through the acquisition of Econergy. *Empresa Electrica Corani SA* was 50% owned by GDF SUEZ and was the Group's only asset in Bolivia.

Negotiations have been taking place since July 2010. On October 21, 2011 a settlement agreement was signed with the Government of Bolivia in relation to the Corani nationalization. The settlement agreement recognizes GDF SUEZ' entitlement to a payment for its former shareholding in Corani; this payment was received early October 2011. The international dispute has been cancelled by agreement of both parties.

Regulatory Environment

Brazil

In 1997, a period of privatisation in the electricity sector began which resulted in the transfer of the majority of the distribution activities to the private sector, as well as 20% of the generation assets. Between 2003 and 2005, the Brazilian government introduced the current regulatory regime for the electricity market. In general terms, this system grants the federal government increased control at all levels of the electricity market by virtue of its involvement in the regulatory authority, the network management and the wholesale market. A pooling system was established to create a transparent framework for long-term contracts with distribution companies. The pool, which operates as a risk-sharing tool among producers, is a mandatory supply channel for distribution companies. The model involves auctions *(leiloes)* held regularly by the government whereby concessions for the construction of new production capacity (especially hydroelectric) are awarded to those bidders prepared to offer the lowest energy rates. A 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. Power not sold to distribution companies can be freely sold in bilateral contracts with free industrial clients. Private and public power producers have participated actively in the new energy auctions and the new system has proven to be effective in attracting the investment needed to increase the country's energy production.

Peru

The regulatory framework is based on unbundling of activities in generation, transmission and distribution. These activities have been partially privatized. As a result, all new investment in generation capacity has been and is being done by the private sector. Around 1/3 of Peru's generation sector is still controlled by state owned company ElectroPeru, the country's largest power generator.

Chile

The electricity sector in Chile was fully privatised in 1982, and its regulatory system has been relatively stable since then.

However, in 2004 (mainly due to a severe drought) number of relevant modifications were introduced one of which was aimed at bringing security of supply to residential customers: long term supply contracts were established for the distribution companies, through open auctions. In 2008, the publication of the 20.257 Law started the promotion of Non Conventional Renewable Energies (NCRE).

It is important to highlight that given the high degree of liberalization of the electricity market in Chile, the role of the State is limited to regulating and supervising (mainly through the relevant regulatory authority *(Superintendencia de Electricidad y Combustibles)*), while the private sector takes the investment initiatives.

Panama

In Panama, the state owns 12% of the total generation capacity and holds a 49% interest and 50% interest in all privatised thermal and hydro assets respectively. It also controls 100% of the transmission assets.

The market in Panama is fully liberalized. Power transmission and distribution of energy is operated centrally by the CND *(Centro Nacional de Despacho)* which is part of the state owned transmission company ETESA.

Costa Rica

The electricity market is vertically integrated, owned by the state and controlled by the Costa Rican government. The ICE *(Instituto*

Costarricense de Electricidad) acts as the single buyer. The current regulatory framework allows private investment in renewable generation projects but such investment is capped at 50 MW per project and must be pursued through the "Build – Operate – Transfer" scheme. Only 15% of the country's capacity may be owned by private generators. The regulatory framework also allows for 20-year IPP projects below 20 MW to be built under the "Build-Own-Operate" scheme.

Argentina

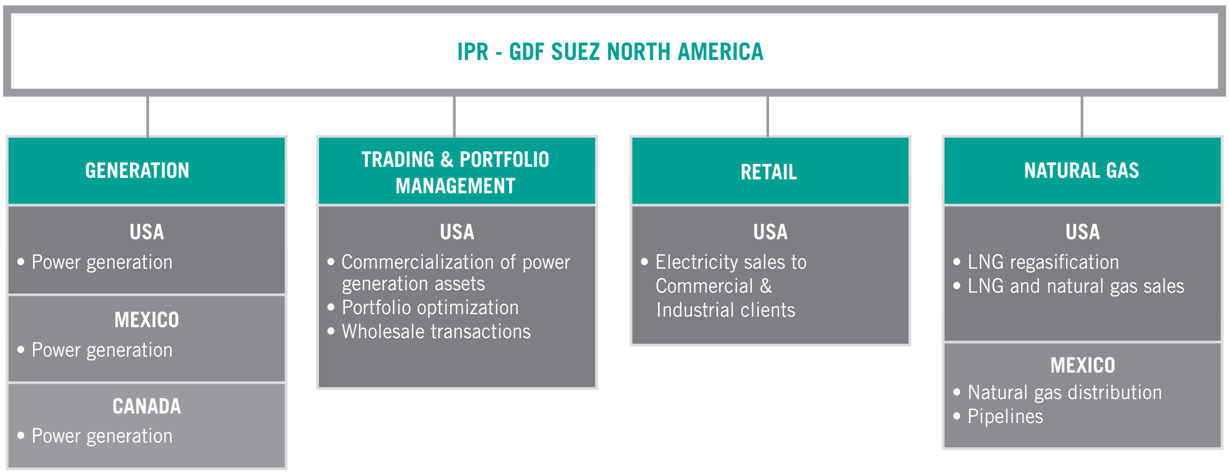
The government suspended de facto the application of the pre existing regulatory framework since the situation of emergency declared in 2002. No new regulation has been established yet, only very few tariff adjustments were implemented in the energy sector.

1.3.2.8.2 IPR - GDF SUEZ North America

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

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

IPR-GSENA is organized into three business entities — power generation, retail sales to commercial and industrial customers, and natural gas/LNG — with a central portfolio management group to optimize the interface between each unit.



IPR-GSENA has an ownership interest in, or has under construction a portfolio with 15.3 GW of electric power and cogeneration capacity, over 3,200 tons per hour of steam production and 39,000 tons per hour of chilled water production. Of this capacity, 1.8 GW are powered by wind, solar, hydro, and biomass. IPR-GSENA's natural gas assets include an LNG receiving terminal in Everett, Massachusetts, which began operations in 1971 and the Neptune LNG deepwater port close to Gloucester, Massachusetts. These facilities serve most of the gas utilities in New England and key power producers, meeting approximately 20% of New England's annual gas demand.

Through its retail entity, GDF SUEZ Energy Resources NA, Inc., IPR-GSENA currently serves commercial and industrial customers in 11 US states — Delaware, Texas, Massachusetts, Maine, Maryland, New York, New Jersey, Ohio, Pennsylvania, Illinois, Connecticut — plus Washington, DC.

IPR-GSENA is a major importer of LNG into the United States and is working to build on its gas position in the Northeast by integrating domestic sources of natural gas and expanding industrial and commercial sales. IPR-GSENA intends to continue its work to grow its retail power business and strives to build links between its power, gas and renewable businesses.

Business development in North America is currently focused on greenfield renewable projects, seeking to benefit from various government incentives for renewable resources. In Canada, IPR-GESNA has nearly 400 MW of wind and solar projects in or near construction.

United States

IPR-GSENA is headquartered in Houston, Texas, and employs over 1,600 people in the United States. IPR-GSENA owns and operates the Everett terminal just north of Boston, Massachusetts, which has the capacity to deliver approximately 700 million cubic feet of natural gas per day to the New England market. IPR-GSENA also owns the Neptune offshore LNG deepwater port, located 16 km off the coast of Gloucester, Massachusetts. When fully operational, the Neptune facility will have a design send-out capacity of 400 million cubic feet of natural gas per day, on average, and will supplement deliveries made to the Everett terminal. IPR-GSENA also leases approximately 10 billion cubic feet of natural gas storage throughout the United States. IPR-GSENA owns, operates, or has under construction a portfolio of electrical power and cogeneration plants of nearly 14.3 GW in installed capacity and 2,900 tons per hour of steam. The energy produced by these facilities is sold in the open market or distributed to commercial and industrial entities under long-term PPAs. From 2008 through 2010, IPR-GSENA was the largest importer of LNG into the United States and its territories according to the US Department of Energy, and has maintained this position year-to-date through September of 2011.

IPR-GSENA operates one of the largest biomass portfolios in North America with 127 MW of biomass capacity. IPR-GSENA's retail affiliate serves over 80,000 customer meters with an estimated peak load of over 10,000 MW.

In July 2011, IPR-GSENA brought Astoria Energy II online. Astoria II is a natural gas-fired power plant and has an installed generating capacity of 575 MW. The project provides 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, Tamauligas, Puebla, and Mexico Distrito Federal) delivering natural gas to about 370,000 customers through a 8,460 km long distribution network and two gas transmission companies (Energia de Mayacan, Gasoducto del Bajio) operating 900 km of pipelines. In Mexico, the company also manages three steam-electricity cogeneration plants with a total installed capacity of 279 MW. Output from these power plants is sold under long term contract to industrial clients as well as to Mexican authorities.

Canada

IPR-GSENA's Canadian operations are built around a central theme of clean generation, including a wind generation fleet of 331 MW located in eastern Canada, and a clean-burning natural gas plant of 112 MW in Windsor. In addition, the company has nearly 400 MW of wind and solar projects in or near construction.

In July 2011, GDF SUEZ completed the sale of its stake in *Gaz Metro*, a regulated natural gas distribution company in Quebec, with interests in regional pipelines, storage assets, and renewable and conventional power generation.

Regulatory Environment

The business activities of IPR-GSENA are subject to a number of regulations, the most material of which are those concerning emissions, physical and financial energy trading, electricity market structure and natural gas importation, transportation, and distribution.

United States

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 FERC has issued successive regulatory orders in the 1990s and during the 2000s to remove barriers to competition in wholesale electricity markets.

Currently, over 60% of electricity consumed in the United States is delivered through one of the 10 North American Independent System Operators (ISOs) or Regional Transmission organizations (RTOs) that were created to facilitate electricity competition. The FERC is actively shaping development of transmission citing, demand response, smart grid/smart meter and clean energy technology.

The Wall Street Transparency and Accountability Act of 2010 was signed into law on July 21, 2010. As of this writing, two rules that have an impact on IPGSENA's business became effective in 2011 — the *"Anti-Manipulation"* Rule, effective August 15, 2011, and the "Whistleblower" rule, effective October 24, 2011. IPR-GSENA expects the Commodity Futures Trading Commission to further define the conditions under which a business entity is designated as a Swap Dealer and those transactions that would be qualified as Swaps, during 2012. The precise impact on IPR-GSENA's operations in the US will not be known until the final regulations are published.

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).

Mexico

In Mexico, regulation of the electricity and natural gas markets is the remit of the *Comision Reguladora de Energia* (Energy Regulatory Commission). The aims of the *Comision Reguladora de Energia* include encouraging productive investment and promoting competition in the electricity, natural gas and oil markets. The state electricity company, CFE, estimates it will need over 32 GW of new generation capacity between 2011 and 2025, and intends to make approximately 13 GW of capacity available for tender through an IPP program.

Canada

Canada generates approximately 20% of its electricity from coal-fired generation, second behind hydro. In terms of renewable energy, the province of Ontario has led the way with a self-imposed deadline to retire all coal plants by the end of 2014. In 2009, Ontario's Green Energy and Green Economy Act was passed as the mechanism to promote this phase-out by providing Feed-in-Tariff (FIT) treatment for renewable resources.

1.3.2.8.3 IPR - GDF SUEZ UK-Europe

IPR - GDF SUEZ UK-Europe is a power generation and energy sales business of over 1,200 employees, operating in the UK and across Western Europe. IPR - GDF SUEZ UK-Europe manages a diversified energy production mix. It includes the Group's energy activities in the UK and the activities in Western Europe that are part of International Power plc.

The business has a diverse portfolio of 13,889 MW of operational generation assets across the UK and seven other continental European countries. The power plants range from conventional coal, oil and gas-fired plant to pumped storage and renewables such as wind, hydro and solar.

IPR-GDF SUEZ UK-EUROPE

UK

Generation assets in operation

Gaz
- Deeside Power
- Derwent Cogeneration
- Saltend Cogeneration Company
- GDF SUEZ Shotton
- GDF SUEZ Teesside

Coal
- Eggborough Power
- Rugeley Power

Light fuel oil
- Indian Queens power

Pumped Storage
- First Hydro Company

Wind
- Scotia Wind (Craigengelt)
- Crimp Wind Power

Retail businesses

B2B[1] Power and Gas	GDF SUEZ Energy UK
B2B[1] Power	IPM Energy Retail
B2B[1] Power and Gas	OPUS Energy

EUROPE

Generation assets in operation

Gaz	
Belgium	T-Power[2]
Portugal	ElecGas
Portugal	Turbogas
IGCC	
Italy	ISAB energy
Coal	
Portugal	Tejo Energia (Pego)
Wind	
France	Levanto GSEF
Germany	P Maestrale
Germany	Levanto 2
Germany	Levanto GSEF
Germany	Levanto SEL
Germany	Schkortleben
Italy	P Maestrale
Italy	Parco Eolico Giritalco
Netherlands	Levanto I
Netherlands	Levanto II
Solar	
Italy	ISAB Solar
Spain	Desarroollos España, sol
Water	
Spain	Electrometalurgica del Ebro
Spain	Iberica de energias

NOTES
[1] B2B – Business to Business
[2] In the process of divestment in line with EC ruling relating to the IPR transaction

In the UK, the business has a diverse portfolio of 9,233 MW of merchant generation capacity as well as a retail business supplying about 23 TWh of gas and 13 TWh of power to business customers across mainland UK (England, Scotland and Wales).

The business has 3,358 MW of contracted thermal plant in Portugal, Italy and Belgium.

The business also has a significant renewable business with 1,236 MW of onshore wind primarily located in Italy and Germany but with a presence also in the UK, France and the Netherlands. In addition there is also hydro and solar generation in Spain.

The business strategy of IPR – GDF SUEZ UK-Europe aims to enhance existing business performance whilst looking to develop the retail activities, the UK renewable generation activities and explore development opportunities for the existing generation fleet.

UK

The UK is a fully liberalized energy market with competition in both generation and supply and an independent regulator OFGEM (The Office of Gas and Electricity markets). Government energy policy is focused on incentivizing low carbon generation. The government is currently consulting on a package of energy market reforms; the main elements being considered are; a new renewables incentive mechanism based around technology specific Contracts for Differences, some form of capacity mechanism and an Environmental performance standard.

The UK government has decided to introduce a carbon tax with effect from April 2013.

In the UK, IPR - GDF SUEZ UK-Europe is a major electricity generator with a merchant generation fleet of 11 power plants that consists of a broad mix of generation types including conventional coal, light fuel oil, gas-fired plant, pumped storage and wind. The business is also active in the supply of both power and gas to business customers.

The IPR - GDF SUEZ UK-Europe generation portfolio in the UK operates a number of gas fired power plants. The business owns Teesside power station (1,875 MW) and the Shotton power plant (210 MW). It has a 23% ownership interest in the Derwent power station (210 MW), a 75% ownership interest in Deeside power station (515 MW) and a 75% interest in Saltend power station (1,197 MW). Saltend operates as a CHP plant and benefits from a long term steam off-take agreement.

IPR - GDF SUEZ UK-Europe owns 75% of First Hydro Company (2,088 MW), one of the UK's most dynamic electricity generators, responsible for the management and operation of the pumped storage plants at Dinorwig (1,728 MW) and Festiniog (360 MW) in the Snowdonia region of Wales.

In addition, IPR - GDF SUEZ UK-Europe has interests in two coal fired power stations, with a 75% ownership of Rugeley power station (1,026 MW) and a 10% ownership of Eggborough power station (1,960 MW). As well as these assets, the business also has a 75% ownership of the light fuel oil-fired power station at Indian Queens (129 MW).

IPR - GDF SUEZ UK-Europe is also actively developing a wind generation portfolio in the UK. It currently owns two wind farms. Scotia Wind (Craigengelt) a 20 MW wind farm located near Stirling in central Scotland and a 2.4 MW wind farm at Crimp in North Cornwall. The company is developing a further 47 MW of projects at a number of consented sites and has also agreed to acquire a consented site to develop a major wind farm on the Isle of Lewis in Western Scotland.

IPR - GDF SUEZ UK-Europe is a partner with a 45% stake in Meygen, a tidal energy development project in the Inner Sound of the Pentland Firth, in Northern Scotland. The project is expected to develop 20 MW installed capacity by 2014 with a development plan aimed at installing further capacity over the period to 2020 as the technology becomes proven.

IPR - GDF SUEZ UK-Europe has a trading business which trades UK power, UK gas, EU Carbon, and coal, to manage the commodity price exposures associated with its generation assets and retail market position.

GDF SUEZ Energy UK and IPM Energy Retail [(1)] are IPR - GDF SUEZ UK-Europe's retail business brands, supplying electricity and gas to business customers (commercial and industrial). The combined retail business, based in Leeds, is one of the top six suppliers of power and gas to business customers, supplying around 5000 business premises with approximately 13 TWh of power and around 9,000 business premises with approximately 23 TWh of gas. IPR - GDF SUEZ UK-Europe also has a 30% ownership interest in OPUS an electricity and gas supplier to around 100,000 smaller and medium sized business premises.

Europe

IPR - GDF SUEZ UK-Europe operates the IPR portfolio of European assets. The thermal assets operate under long term contracts, whilst the renewable assets operate in markets which benefit from incentives for renewable generation.

Italy

IPR - GDF SUEZ UK-Europe owns 100% of the 550 MW wind portfolio Maestrale in Southern Italy and 75% of the 27.5 MW Parco Eolico Girifalco wind development.

As well as wind developments, IPR - GDF SUEZ UK-Europe has a 34% stake in ISAB a 532 MW integrated gasification combined cycle (IGCC) power plant located at Priolo in Sicily adjacent to one of Italy's largest refineries which is owned and operated by ERG, partner in the ISAB energy project.

Germany

The activities of IPR - GDF SUEZ UK-Europe in Germany focus solely on the production of electricity from wind developments.

IPR - GDF SUEZ UK-Europe owns a wind generation portfolio of 583 MW in total. This is comprised of a number of wind assets: Maestrale (86 MW), Levanto SEL (98 MW), Levanto GSEF (311 MW), Levanto 2 (58 MW) and Schkortleben (28 MW).

Portugal

In Portugal, IPR - GDF SUEZ UK-Europe has an ownership interest in three thermal plants all of which benefit from long term off-take contracts.

IPR - GDF SUEZ UK-Europe owns 50% of the recently completed Elecgas CCGT (840 MW) and 50% of Pego (576 MW) a coal fired plant which has been retrofitted with emissions abatement technologies. Both plants are located at a site near the Tejo river in Abrantes, north east of Lisbon and are operated by Pegop, thus building on the synergies available at the site. Pegop is a joint venture with Endesa.

IPR - GDF SUEZ UK-Europe also owns Turbogas a (990 MW) CCGT at Medas, Gondomar, east of Oporto in northern Portugal.

France

In France IPR - GDF SUEZ UK-Europe is the owner of the Levanto GSEF wind projects (27 MW).

Netherlands

In the Netherlands IPR - GDF SUEZ UK-Europe is the owner of two wind projects totaling some 29 MW: Levanto Netherlands I (14 MW) and Levanto Netherlands II (15 MW).

Spain

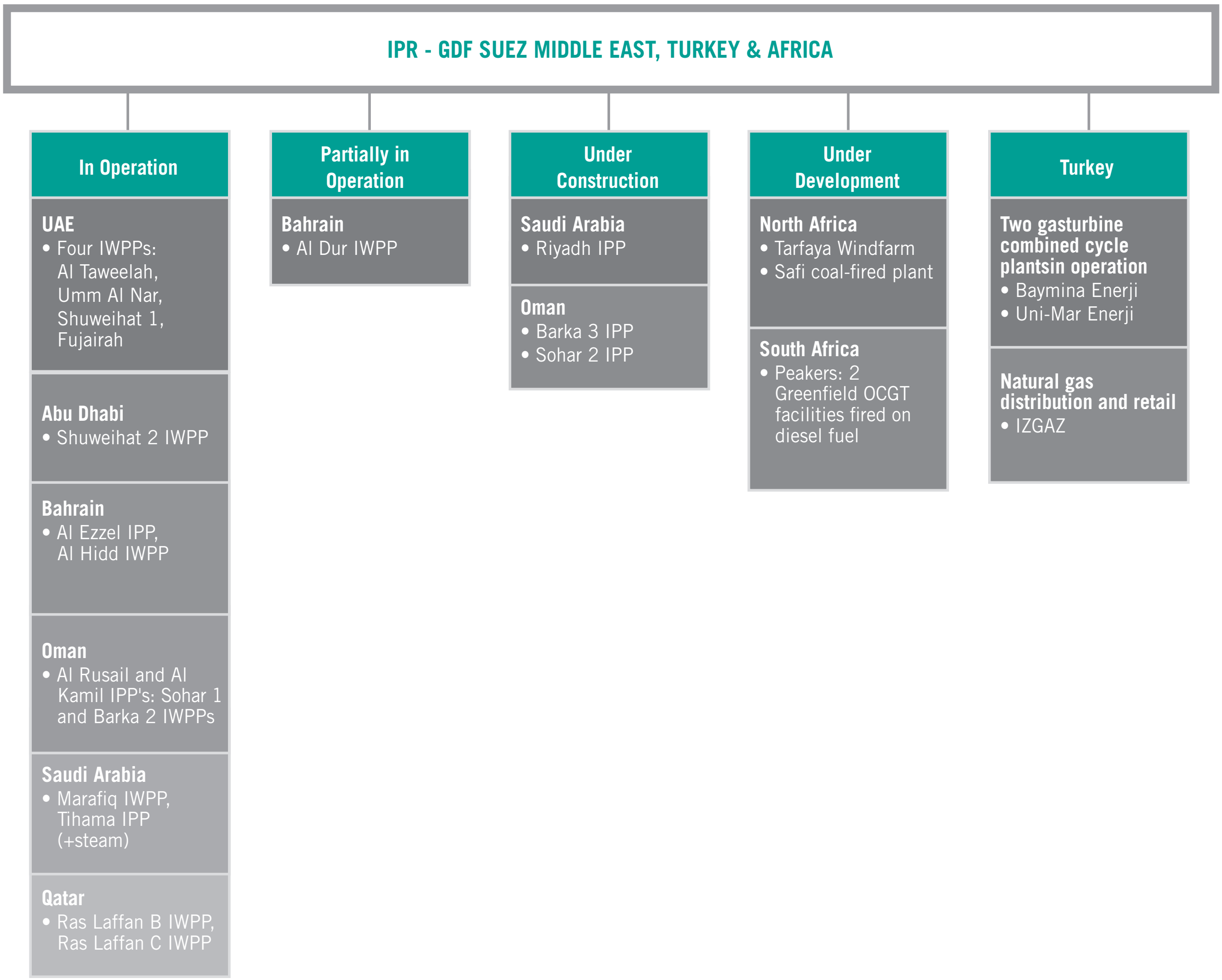
In Spain IPR - GDF SUEZ UK-Europe has a 67% interest in two operating companies, Iberica (48 MW) and EMESL (36MW), which together are responsible for the operation of 18 hydroelectric power stations. These stations are grouped into four geographical clusters being mainly dependent upon the Ebro and Duero Rivers, in the Pyrenees area in North East Spain.

There is also a small solar project (1 MW) operated via S.L. IPM Eagle Desarroollos España, sol.

(1) GDF SUEZ Energy UK and OPUS both supply power and gas to business customers, IPM retail supplies only power.

1.3.2.8.4 IPR - GDF SUEZ Middle East, Turkey & Africa

On the combination of GDF SUEZ Energy Europe & International's non-European assets with International Power plc in February 2011, International Power plc (IPR) became a 70% subsidiary of GDF SUEZ. At the time of the combination, IPR created a new enlarged Business Area in the Middle East, covering the Middle East, Turkey and Africa region (IPR-GS META), shown below.



Post combination, IPR-GS META has become the largest Independent Power and Water Producer (IPWP) in the region, with more than 22.1 GW of capacity and 4.1 million m³ per day of water in operation and 4.0 GW of capacity and 0.7 million m³ per day of water under construction, in its two regional strongholds in the Gulf Cooperation Council (GCC) countries and Turkey. Its businesses in the GCC remain focused on the construction and operation of large scale combined power and water desalination plants, while in Turkey the portfolio is made up of two gas-fired power plants and a natural gas distribution and retail business. IPR-GS META is headquartered in Dubai, with three regional offices in Turkey (Istanbul), Morocco (Casablanca) and South Africa (Johannesburg).

IPR-GS META's primary objective is to provide substantial, robust and profitable growth, by being a leading developer and operator in a selection of the fastest growing energy markets in its region. To do this, IPR-GS META's strategy focuses on maintaining its strong positions in certain markets such as United Arab Emirates (UAE), Oman, Saudi Arabia, Bahrain and Qatar, while developing in other markets that are characterised by high growth potential combined with a stable regulatory environment and attractive foreign investment climate, such as Turkey, Morocco and South Africa.

Middle East

In the Gulf Cooperation Council (GCC) countries, IPR-GS META manages all its activities through its Dubai Headquarters, which oversees and manages the development, construction and operational activities of the Group's energy business in the region. It acts as an asset developer, selling the energy it produces directly to public distribution companies under long-term P(W)PAs. It is the leading private power developer in the region with a total gross power generation capacity in 18 assets (including capacity in operation and under construction) of 24,939 MW and more than 4.7 million m³ of water per day of desalination capacity. It is common in the Middle East IPP business model for projects to be part owned by the host governments/off takers, leading to an IPR-GS META average equity shareholding of 34% across its portfolio. IPR-GS META conducts the operations of all of the plants that it owns, often through an arms-length Operations & Maintenance contract.

In 2011, IPR-GS META has added a total of 4,730 MW to its operational portfolio by achieving the full commercial operation of two IPWPs (Independent Power and Water Plants), Fujairah II in the UAE and Ras Laffan C in Qatar, with a further 2,744 MW expected to be fully commissioned early 2012 at Shuweihat 2 in Abu Dhabi and Al Dur in Bahrain.

Turkey

IPR-GS META has a presence in two assets in the Turkish power generation sector through its 95% stake in the 763 MW Baymina Enerji power company and a 33% stake in the 480 MW Uni-Mar power plant. These combined cycle gas turbine power stations are located approximately 40 km from Ankara and 100 km to the west of Istanbul respectively. The power they generate is sold to the national distribution company in Turkey under long-term PPAs. IPR-GS META also has an asset in natural gas distribution with IZGAZ, Turkey's third largest natural gas distributor. The company distributes and markets natural gas to residential, commercial and industrial customers in the Kocaeli region, 80 km east of Istanbul.

Africa

In conjunction with consortium partners, IPR-GS META is developing projects to build, own and operate three new IPP projects in Africa, which could add a gross capacity of approximately 2,600 MW to its portfolio. The first of these projects, the 300 MW Tarfaya IPP in Morocco was awarded in mid-2010. The second project consists of two peaking power stations in South Africa, totalling 1,000 MW gross capacity. The third power station is the 1,320 MW Safi supercritical coal power plant in Morocco, awarded in December 2010.

Regulatory environment

The GCC and Africa

The regulatory frameworks in the different countries of the GCC are quite similar, with competitive tenders launched by the power authorities calling for private power producers to bid for concessions to build, own and operate 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 tender stage. A similar single buyer model has also been adopted in the Moroccan and South African markets.

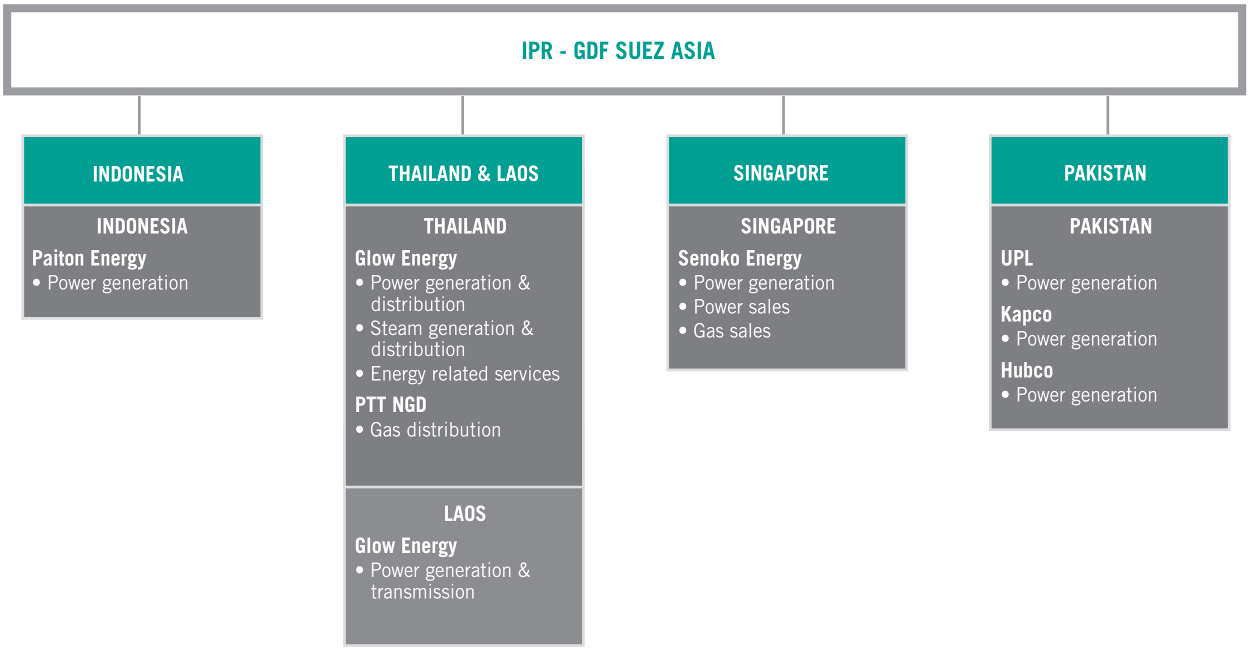
Turkey

Historically Turkey has been a PPA market with a single buyer, like the Middle East. In view of its EU Accession aspirations, the Turkish electricity market was planned to be liberalized in line with EU legislation in March 2001 with the introduction of the Electricity Market Law. This legislation aimed to create a more competitive and transparent market and encourage much-needed private investment. The law superseded the old build, operate, transfer (BOT) and transfer of operating rights (TOR) schemes, with no further PPAs expected to be awarded. In January 2004, the market was opened to consumers of more than 7.8 GWh per year. This threshold was lowered slightly in 2005 to 7.7 GWh resulting in 29% of customers in Turkey being eligible, with 100% to be eligible by 2015. Merchant market trading has been gradually introduced with daily settlements on the Balancing and Settlements Market commencing at the end of 2010.

The reform of the energy sector also involved the progressive privatisation of 21 electricity distribution networks, which was finalized in 2010, as well as 16 GW of power generation assets, with the first tender for 1,000 MW commencing in April 2011.

1.3.2.8.5 IPR - GDF SUEZ Asia

IPR - GDF SUEZ Asia has strongholds in four countries: Indonesia, Pakistan, Singapore and Thailand (incl. Laos). Its businesses in Asia include the construction and operation of power plants and natural gas distribution systems.



IPR - GDF SUEZ Asia's primary objective is to provide substantial, robust and profitable growth by being a leading developer and operator in a selection of the fastest growing energy markets in its region. To do this, the Business Area's strategy focuses on maintaining its strong positions in certain markets, while targeting to grow its assets based in Indonesia and Thailand and at the same time enter into new countries in Asia (possibly Vietnam, Philippines, India, etc.).

Indonesia

IPR – GDF SUEZ Asia holds a 40.5% economic stake in Paiton 7/8, a 1,280 MW coal-fired power plant located on the island of Java. The other consortium members are Mitsui (40.5%), TEPCO (14%) and PT Batu (5%). Paiton 3, a 815 MW extension, is under construction, with commercial operation date (COD) expected in 2012. A PPA for both Paiton 7/8 and Paiton 3 exists up to the year 2042.

Pakistan

In Pakistan, IPR – GDF SUEZ Asia holds shares in three different entities:

- 75% in UPL - 551 MW gas-fired capacity,
- 36% in KAPCO 1345 MW oil/gas-fired capacity,
- 17% in HUBCO - 1414MW oil-gas-fired capacity.

IPR – GDF SUEZ is also constructing a new gas-fired unit (UCH 2 – 100% ownership), for which COD is expected in 2013.

Thailand

The Glow group, in which GDF SUEZ holds a majority interest (69.1%), is a major participant in the Thai energy market with a combined installed capacity in Thailand and Laos of 2454 MW of electricity. The Glow group generates and supplies electricity to the Electricity Generating Authority of Thailand (EGAT) under Thailand's SPP (Small Power Producer) and IPP (Independent Power Producer) programmes, in addition to supplying electricity, steam, industrial water and services to large industrial customers principally located in the Map Ta Phut industrial area in Thailand and nearby. In 2011 Glow took over the activities of TNP (which were 100% owned by International Power before the combination with GDF SUEZ). The Glow group has an additional 772 MW of power generation capacity currently under construction (COD expected in 2012).

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

Singapore

GDF SUEZ, as a member of a consortium alongside Marubeni, Kansai, Kyushu and Japan Bank for International Cooperation (JBIC), holds a 30% stake of Senoko Energy, one of the three largest power generators in Singapore with about 25% market share in power generation. Senoko Energy owns and operates a unique portfolio of power generation assets offering a combined registered capacity of 2,550 MW.

Senoko Power Station has a repowering project ongoing that will replace three old 250 MW oil-fired plants by two modern gas-fired units of 430 MW each, that will be put into commercial operation in the summer of 2012.

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

Regulatory environment

Indonesia

State owned incumbent PLN has the monopoly on transmission and distribution systems. PLN also owns and operates around 50% of the existing generating capacity. Since the mid-1990s IPP's have been allowed to operate in Indonesia. They now operate the other 50% of the generating capacity. The end-user market has not been liberalized.

In December 2009, the "Crash 2 program" for 10,000 MW of new generation capacity was launched. This second program is very different from the first one in two ways:

- 50% of this new capacity is to come from IPPs and 50% from PLN;
- 5,340 MW of new capacity will come from renewable resources.

Pakistan

All power generated by IPP's in Pakistan is sold under long term PPAs to the distribution companies. The end consumer market is not liberalized. Around 50% of generation capacity is held by private IPPs, while the remainder is held by state-owned entities.

Thailand

The Electricity Generating Authority of Thailand (EGAT), 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 50% of total generation capacity while the rest is accounted for by the non-government sector comprising independent power producers, small power producers and imports from Laos and Malaysia.

In 1994, the launch of the government's first power purchase tender process represented the beginning of the IPP programme in Thailand. IPPs in Thailand sell the energy that they produce to EGAT under long-term contracts, the terms of which are stipulated at the IPP tender stage. The Map Ta Phut industrial estate is an exception in that Glow Energy has a licence to generate, distribute and sell power and steam to industrial customers.

Singapore

Historically in Singapore, the electricity market has been vertically integrated, owned by the state and controlled by the government. Liberalisation in the electricity industry began in 1995 with a view to improving efficiency.

In 2001, the electricity generation and retail markets were separated from the natural monopoly existing in the electricity transmission market. The National Electricity Market of Singapore (NEMS) was established on January 1, 2003.

In the NEMS, which is similar to a real-time electricity trading pool, generation companies compete to sell electricity every 30 minutes while electricity retailers buy electricity from the NEMS and offer packages to sell electricity to eligible consumers.

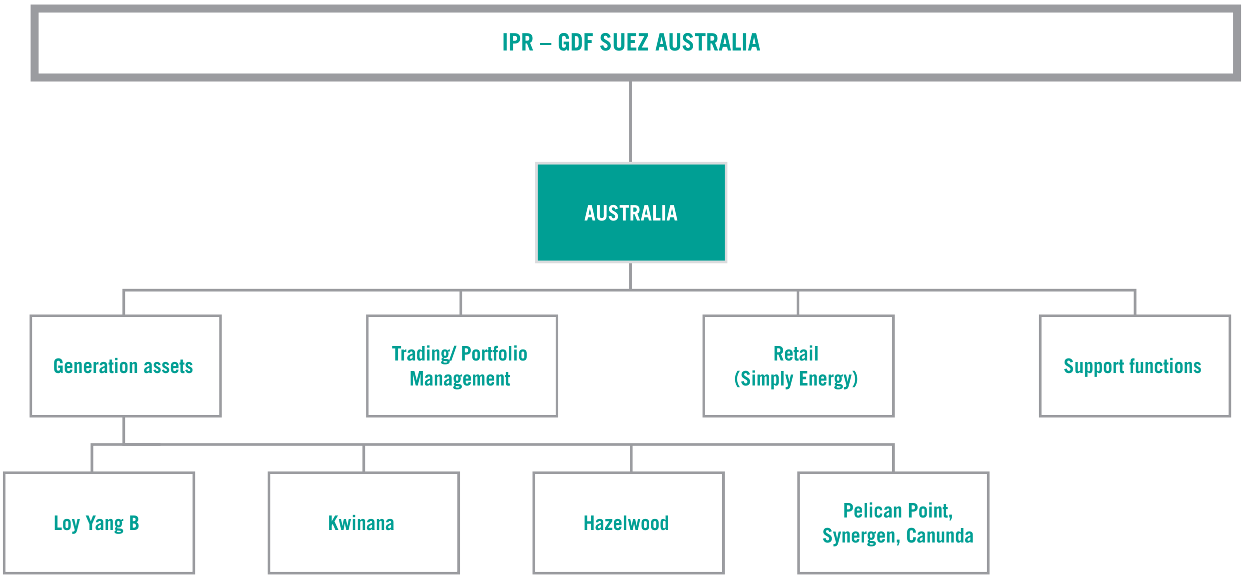
Since 2001, the government has been privatising the retail electricity market in stages and the criteria to be considered an eligible customer have been progressively eased. The third and last stage will be to open the retail market to all consumers although there is currently no firm timetable for this.

In order to promote efficiency and competition in the electricity market, vesting contracts were introduced on January 1, 2004 pursuant to which generation companies are committed to sell a specified amount of electricity at a specified price (which is based on the long run marginal cost of a new entrant).

1.3.2.8.6 IPR - GDF SUEZ Australia

IPR - GDF SUEZ Australia is a system player in the liberalized markets in Australia. The Australian business is focused on a portfolio of generation assets operating in the National Electricity Market (NEM) that serves 90% of Australian population and demand resident in the eastern states of Australia. The portfolio also includes a co-generation asset in the separate South Western Integrated System (SWIS) market that serves Western Australia, and a substantial second-tier retail business in the NEM serving circa 300,000 electricity and gas accounts in the domestic, small to medium enterprise (SME) and large commercial and industrial (C&I) customer segments.

Organisation Chart



Strategy and Competitive Position

IPR - GDF SUEZ Australia is focused on delivery of shareholder value through optimal participation of its portfolio of assets in the relevant Australian electricity, gas and renewable energy markets, exploration of potential synergies with other GDF SUEZ businesses in Australia, and opportunistic growth of its generation and retail portfolios, including renewables.

IPR - GDF SUEZ Australia' current competitive position in the generation markets is summarised in the following table:

	Market share in power (capacity)	Rank*	Market share in power (energy)	Rank
NEM	7%	5	11%	3
Victoria	25%	1	37%	1
South Australia	18%	2	23%	3
Western Australia	approx. 2%	NA	approx. 5%	NA

(*) Based on installed capacity by ownership.

Simply Energy holds a market share between 5% and 6% in both gas and electricity across the Victorian and South Australian retail markets.

Business Activities

IPR - GDF SUEZ Australia participates in the electricity and gas wholesale and retail markets in Australia utilising the following portfolio of assets:

- Canunda (Wind, South Australia, 46 MW);
- Pelican Point (Gas, South Australia, 479 MW);
- Synergen (Gas / Distillate, South Australia, 396 MW);
- Hazelwood (Brown Coal, Victoria, 1,542 MW);
- Loy Yang B (Brown Coal, Victoria, 955 MW);
- Kwinana (Gas, Western Australia, 122 MW);
- Simply Energy (Retail gas and electricity Victoria/South Australia).

Regulatory environment

Australian energy markets have been progressively deregulated and liberalized since the mid-1990s, when the first wholesale electricity market was introduced in Victoria, associated with progressive privatization of that state's electricity assets. The level of private and state-owned energy infrastructure varies between states.

Under an agreement called the Competition Principles Agreement between state and federal governments, publicly-owned businesses in competitive markets are treated in a manner intended to ensure competitive neutrality between state-owned and private market participants.

The NEM is a deregulated merchant wholesale market serving the interconnected eastern states of Australia, and has been in operation since 1998. Electricity is traded across an interconnected transmission system, incorporating former state-based grids, which is in total around 4,000 km from Queensland to South Australia.

The NEM is a near real-time, energy-only, gross pool, spot market with no capacity payments. Up to 48,000 MW of winter generation capacity (scheduled and non-scheduled) is dispatched on a five-minute basis over five states, with marginal prices averaged across half-hourly trading intervals for settlement purposes. Wholesale contracts are almost exclusively financial derivatives referencing NEM spot prices.

Gas markets exist in Victoria, South Australia and New South Wales, and are significantly less developed than the electricity market.

Three entities govern the operation of the NEM and eastern states gas markets:

- the Australian Energy Market Operator (AEMO) is the independent market and system operator;
- the Australian Energy Market Commission (AEMC) is responsible for market rule-making and market development;
- the Australian Energy Regulator (AER) is responsible for ensuring compliance with the market rules, and regulates transmission and distribution pricing nationally. It will also take over regulation of retail markets from the states from July 1, 2012, when uniform national retail regulation is planned for implementation.

The SWIS market is isolated from the NEM by distance and is a separate deregulated market with energy and capacity payments and an independent market and system operator.

Clean Energy Future – Emissions Trading Scheme

The Australian Federal Government is moving to introduce a greenhouse gas emissions reduction scheme and has stated that it is committed to a medium-term national target of reducing emissions between an unconditional 5% of 2000 levels by 2020, and more aggressive targets of up to 15% or 25% of 2000 levels by 2020 conditional on the extent of action by other nations.

On July 10, 2011, the Government announced a new Climate Change Plan for Australia titled 'Clean Energy Future' to implement this commitment. The scheme, which is planned to commence on July 1, 2012, will consist of a three year period of a fixed price on carbon emissions of AUD23 per tonne (indexed), and then a market-based (and internationally linked) "cap and trade" emissions trading scheme (ETS) from July 1, 2015 onwards. This will have a CO_2 floor price of AUD15/tonne (indexed) and a cap which is AUD20/tonne above the expected international price for the first three years of the ETS. The 18 Bills comprising the Clean Energy Future package were passed by both houses of parliament on November 8, 2011.

1.3.3 GLOBAL GAS & LNG BUSINESS LINE

1.3.3.1 Role

The primary mission of the Global Gas & LNG business line is to supply the Group and its customers with competitively priced gas secured by short-, medium- and 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 natural gas resources and needs by portfolio management 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.

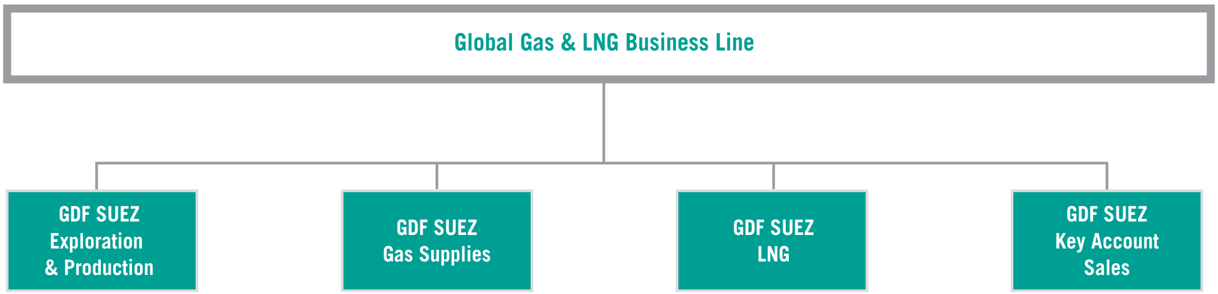
1.3.3.2 Strategy

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

- to capitalize on its 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 the expertise it has acquired as a Group in every segment of the LNG value chain;
- to continue developing sales to large European companies;
- to enhance the value of its assets within a stringent risk management framework.

Composed of four business units (BUs) [(1)] plus steering and support functions, the Global Gas & LNG business line had some 2,400 [(2)] employees as of December 31, 2011.

1.3.3.3 Organization



1.3.3.4 Key figures

In millions of euros	2011	2010	Total change *(in %)*
Business line revenue	21,731	20,793	+4.5
Revenue contribution to Group	9,936	9,173	+8.3
EBITDA	**2,386**	**2,080**	**+14.7**

(1) The Gaselys business unit left the Global Gas & LNG business line in 2011 as part of the project launched at the end of 2010 to unify the Group's trading entities.

(2) Including GAZOCEAN workforce.

Key figures 2011:

- gas purchases: 675.2 TWh;
- hydrocarbon production: 57.8 Mboe;
- reserves at December 31, 2011: 789 Mboe;
- sales of gas to European Key Accounts: 147 TWh (1) (including 144 TWh excluding intra-group).

1.3.3.5 2011 highlights:

In Norway, GDF SUEZ was granted five Norwegian offshore licences under the Awards in Predefined Areas 2010 (APA 2010) program.

On March 4, financing agreements amounting to €2.5 billion were signed with the lenders for Phase II of the Nord Stream project.

In Algeria, a contract was signed in March for the supply by Sonatrach of one billion m^3/year of gas over 20 years, via the Medgaz undersea pipeline.

The Group successfully drilled an appraisal well in the Amstel offshore oil field in the Netherlands, which it operates. Production is scheduled to start in 2013.

In Norway, GDF SUEZ won three new licences as an operator in the Barents Sea in the 21st round of licence allocations announced on April 15.

In Malaysia, an agreement was signed in May to supply 2.5 million tons of LNG to Petronas LNG beginning in August 2012, for a period of 3.5 years.

In June, the Grace Acacia chartering contract was signed with NYK for a four-year period starting in the summer of 2012.

In Cameroon, preliminary commercial agreements were signed with Euroil, Vittol and Perenco, setting out the general governing principles of gas selling by these operators to feed the Cameroon LNG project.

At the end of July, the Group acquired additionalstake from ExxonMobil in the Njord field and the Noatun discovery in the Norwegian Sea. After this transaction, the Group holds 40% (non-operated) of the asset.

In Indonesia, gas discovery in July by Jangkrik North-East offshore well located near the Jangkrik field.

In early August, a draft agreement was signed between GDF SUEZ and the Chinese investment fund, China Investment Corporation (CIC), to set up a partnership covering all the activities and geographical positions of GDF SUEZ, particularly in the Asia Pacific region. As a first step of this collaboration, on December 20 the two groups finalized the agreement on CIC's purchase of a 30% non-controlling interest in GDF SUEZ's Exploration & Production activities for €2.4 billion to help accelerate their development, and its acquisition of a 10% stake in the Atlantic LNG liquefaction plant in Trinidad and Tobago for €0.7 billion.

In Azerbaijan, substantial quantities of hydrocarbons were discovered after the drilling of an exploration well in the Absheron block. Two production tests are planned for the first half of 2012.

In the Netherlands, in late October GDF SUEZ E&P Nederland B.V. began producing natural gas at the G16a-B platform, which it operates.

At the end of October an agreement was signed with CNOOC under which GDF SUEZ will supply CNOOC with a regasification vessel to be used as a floating storage and regasification unit in China (2).

The Nord Stream gas pipeline was inaugurated on November 8.

In November, an agreement was signed with Petronet LNG Limited, under which GDF SUEZ will supply about 0.6 million tons of LNG to Petronet in nine deliveries over 2012.

On December 31, GDF SUEZ finalized an agreement with Total for the sale of its indirect minority stake of 10.4% in the condensate and gas fields of Elgin-Franklin and West Franklin in the UK North Sea (held via EFOG, a joint venture between GDF SUEZ (22.5%) and Total E&P UK Ltd (77.5%, operator)).

At the end of December, the Group was granted five new licences in the UK North Sea (quadrants 44 and 47), including four as an operator, as part of the 26th exploration round.

1.3.3.6 GDF SUEZ Exploration & Production

Principal key indicators

The Group's Exploration & Production activity is concentrated essentially in Europe and in North Africa. Since a few years, this activity has been developed in other regions of the world, such as the Caspian Sea, Asia and Oceania. As of today the Group is active in 16 countries: the United Kingdom, Norway, the Netherlands, Germany, France, Greenland, Egypt, Libya, Algeria, Mauritania, Ivory Coast, Azerbaijan, Qatar, Indonesia and the United States (Gulf of Mexico). In addition, there are ongoing efforts with the objective of entering Russia and Kazakhstan.

At December 31, 2011, the Group posted the following results:

- 344 exploration and/or production licences held (of which 56% are operated by the Group);
- proven and probable (2P) reserves of some 789 million barrels oil equivalent (Mboe), of which 74% is natural gas and 26% liquid hydrocarbons;
- production of 57.8 Mboe, of which 67% is natural gas and 33% liquid hydrocarbons.

(1) Including sales to utilities and intragroup sales.

(2) The charter agreement for the shuttle and regasification vessel, which is to be used as a floating storage and regasification unit, is subject to final approval by the Chinese government.

Mission and strategy

Exploration & production is a key activity in the Group's strategic integration throughout the gas value chain. Its mission is based on three major objectives:

- to achieve the size and status of a major "independent E&P company" through value creating growth in the medium term and rationalization of its assets portfolio;
- to promote synergies with other entities in the Group, mainly through integrated projects in LNG or electricity production;
- to pursue its activities within the framework of sustainable development, by strengthening its health, safety and environmental performances, while respecting ethics and contributing to the reduction of CO_2 emissions.

In order to increase its 2P reserves portfolio and its production (through internal and external growth), the Group plans to maintain its asset portfolio in current production areas within Northern Europe, to accelerate its development in North Africa, to extend its activities in new areas such as the Caspian Sea (Azerbaijan and Kazakhstan), Asia (Indonesia), the Arctic (the Barents Sea and Greenland) and the Middle East and to consolidate its presence in Australia.

The new partnership agreement signed with CIC will also support the GDF SUEZ E&P investment program in order to pursue expansion of its portfolio in the short and medium term.

The Business Unit's activities

Legal framework of the Exploration & Production activities

The Group operates its exploration-production activities within the framework of licences, concessions and production-sharing agreements drawn up with the public authorities or national companies of the countries involved. Depending on the type of licence, contract or legislation in force, GDF SUEZ undertakes to conduct an exploratory program and, if successful, is entitled to develop and exploit the fields concerned for a certain amount of time, subject to national authorities approving its development plan. Depending on the circonstances, during 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.

GDF SUEZ usually operates in partnership with one or more oil and gas companies. Under current partnership contracts, one of the parties is generally designated as operator, meaning that it is responsible for conducting day-to-day operations (with the other parties' approval required for important matters such as the adoption of a development plan, major investments, budgets or sales contracts on behalf of the partnership). Only companies approved by local public authorities can be designated as operators.

GDF SUEZ has been recognized as an operator in most countries where it is present.

2P reserves

In 2011, 11 exploration and appraisal wells were drilled, six of which were successful. The resources identified will contribute to reserves in the future.

The tables below set out all of the Group's proven and probable (2P) reserves (including developed and undeveloped reserves [1]) and their geographical distribution:

CHANGES IN THE GROUP'S RESERVES [2]

	2011			2010			2009		
Mboe	**Natural gas**	**Liquid hydrocarbons**	**Total**	**Natural gas**	**Liquid hydrocarbons**	**Total**	**Natural gas**	**Liquid hydrocarbons**	**Total**
Reserves as of December 31, N-1	616.1	198.9	815.0	580.8	182.1	762.9	494.4	209.3	703.7
Revision + discoveries	17.8	34.5	52.3	76.9	29.1	106.0	124.1	(8.0)	116.2
Assets bought and sold	(11.0)	(9.6)	(20.6)	(4.0)	1.1	(2.9)	0.8	(4.9)	(4.1)
Production sales	(39.0)	(18.9)	(57.8)	(37.7)	(13.5)	(51.2)	(38.5)	(14.4)	(52.9)
Reserves as of December 31	583.9	204.8	788.8	616.1	198.9	815.0	580.8	182.1	762.9

CHANGES IN THE GROUP'S RESERVES BY COUNTRY

	2011			2010			2009		
Mboe	**Natural gas**	**Liquid hydrocarbons**	**Total**	**Natural gas**	**Liquid hydrocarbons**	**Total**	**Natural gas**	**Liquid hydrocarbons**	**Total**
Germany	54.3	64.8	119.0	63.2	68.3	131.6	74.0	68.5	142.5
Norway	214.2	120.3	334.5	221.4	96.2	317.7	215.9	76.4	292.3
United Kingdom	63.1	2.4	65.5	82.2	21.1	103.3	74.8	24.0	98.9
Netherlands	93.8	7.6	101.4	89.5	2.7	92.2	98.2	3.2	101.4
Other*	158.6	9.8	168.4	159.7	10.5	170.2	117.9	10.1	127.9
TOTAL	**583.9**	**204.8**	**788.8**	**616.1**	**198.9**	**815.0**	**580.8**	**182.1**	**762.9**
Change	-5%	3%	-3%						

* *"Other" covers Algeria, Ivory Coast, the Gulf of Mexico and Egypt.*

On December 31, 2011, GDF SUEZ's 2P reserves of liquid hydrocarbons and natural gas were 789 Mboe, compared to 815 Mboe in 2010. Gas accounts for 74% of these reserves, which represent a volume of 584 Mboe, or 94 billion cubic meters.

For those fields that are operated under a production-sharing agreement, "tax barrels" reserves have been booked in accordance with the Society of Petroleum Engineers (SPE) guidelines for booking 2P reserves. These "tax barrels" reserves correspond to the taxes paid on behalf of GDF SUEZ by its partners, the national oil companies, to the authorities of the respective countries.

The Group's share in 2P reserves for the fields in which it is a partner (working interest reserves) [3] was 948 Mboe at the end of 2011 compared to 971 Mboe at the end of 2010.

Each year, a proportion of approximately one-third of the reserves is independently evaluated by the DeGolyer and MacNaughton consultancy. Almost all the reserves are therefore evaluated over a three-year cycle. On December 31, 2011, 33% of the 2P reserves had been covered by this evaluation.

To estimate its 2P reserves, the Group follows the "SPE PRMS" classification, based on the common definitions of the SPE and the World Petroleum Congress (WPC).

(1) Developed reserves are those that can be produced from existing facilities. Undeveloped reserves are those requiring new wells, new facilities or significant additional investments on existing facilities, such as compression units.

(2) As amounts are rounded by the database, there may be insignificant variances between line items and totals.

(3) Under production-sharing agreements, some of the hydrocarbons produced are returned directly in kind to the government. These volumes are not recognized as 2P reserves and are therefore lower than the reserves calculated on the basis of the working interest reserves.

These estimates are revised annually to take into account new data – mainly production data for the past year, re-assessment of reservoirs, reserves from acquisitions, development of discoveries and reserves sold – as well as economic factors.

Unless otherwise specified, the references made to 2P reserves and production must be understood as the Group's stake in these reserves and production (net of all licence charges taken in kind by third parties in the form of crude oil or natural gas). These references include the total of the net 2P oil, gas, and other hydrocarbon reserves estimated as being extractable for the remaining duration of the licences, concessions, and production-sharing agreements.

The 2P reserves replacement ratio for a given period is defined as the ratio of 2P reserves additions for the period (discoveries, net acquisitions and revisions of reserves) to production for the period. The reserves replacement ratio for the Group's 2P reserves was an average of 153% over the 2007-2009 period, 195% over the 2008-2010 period, and 153% over the 2009-2011 period.

Production

During the fiscal year ended December 31, 2011, GDF SUEZ's production of gas and liquid hydrocarbons was 57.8 Mboe.

The tables below set out GDF SUEZ's production, including the share from companies consolidated by the equity method, by country.

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

	2011			2010			2009		
Mboe	Natural gas	Liquid hydrocarbons	Total	Natural gas	Liquid hydrocarbons	Total	Natural gas	Liquid hydrocarbons	Total
Germany	5.6	3.3	8.9	6.4	3.1	9.5	7.2	3.3	10.5
Norway	10.9	11.6	22.5	7.3	6.5	13.8	6.2	6.5	12.8
United Kingdom	4.8	2.6	7.3	5.8	3.0	8.7	6.6	3.8	10.5
Netherlands	15.6	0.5	16.1	16.9	0.5	17.3	17.7	0.5	18.1
Other*	2.1	0.9	2.9	1.3	0.5	1.8	0.7	0.3	1.0
TOTAL	**39.0**	**18.9**	**57.8**	**37.7**	**13.5**	**51.2**	**38.5**	**14.4**	**52.9**

* *"Other" covers Algeria, Ivory Coast, the Gulf of Mexico and Egypt.*

Exploration & production activity by country

France

The Head Office of the exploration & production activity directs and controls the operational activities of the subsidiaries and New Assets Development (NAD). The Head Office combines the strategy and growth, finance, geosciences and exploration, projects and operations departments. The activity is managed through five subsidiaries and five agencies.

Activity in subsidiaries

Germany

At December 31, 2011, the Group owned a stake in 54 oil and natural gas fields in Germany, including 50 in production, with proven and probable reserves of 119 Mboe, including approximately 46% in the form of natural gas.

GDF SUEZ obtained 10 new licences in 2011, including nine in the Upper Rhine Valley.

The Group discovered new oil resources in the Römerberg-3 well near the city of Speyer. More than 4,000 barrels of oil a day were produced in 2011 by the three wells of the Römerberg field.

The Group also made an oil discovery in the Bart 11 well.

GDF SUEZ E&P Deutschland GmbH sold Storengy Erdgasspeicher GmbH & Co KG to Storengy Deutschland GmbH.

Norway

The Group owns a stake in 20 oil and natural gas fields offshore Norway including five in production, its share of which was 334 Mboe of proven and probable reserves as of December 31, 2011 (including approximately 64% in the form of natural gas).

In November 2010, GDF SUEZ became the operator of the Gjøa field for the production phase. Gjøa was officially inaugurated in January 2011 and one riser was successfully replaced, which was experiencing vibration problems in 2011.

The final investment decision was made on licence Hyme, a field discovered in 2009 under the name of Gygrid. This field will be tied-back to the Njord platform, with start of production scheduled for 2013.

In its capacity as operator, the Group drilled an exploration well on the Heilo prospect in the Barents Sea. Despite a very good operating performance, the result of the drilling was inconclusive and the well was declared dry.

United Kingdom

At the end of 2011, the Group held stakes in 23 fields in the UK North Sea, of which 12 were in production. At December 31, 2011, the share of 2P reserves held by the Group in these fields represented 66 Mboe, some 96% of which was in the form of natural gas.

In 2011 the Group relinquished the Millburn licence and sold its stake in the Schooner field.

The Cygnus project entered the Front-End Engineering and Design (FEED) phase [1], to enable gas production start-up in 2015. The final investment decision will be made in 2012.

The final investment decision was made for the Harrison licence in the southern North Sea and the detailed engineering and construction phase was consequently launched. Gas production is expected to start at the very end of 2012.

The Jacqui and Jackdaw fields are under appraisal, via the drilling of a well on each of these fields.

In block 44/19b, GDF SUEZ discovered the Cameron field, which is currently under appraisal.

The Group launched an exploration campaign with a high-pressure/high-temperature (HP/HT) well on the Faraday prospect in its capacity as operator (30%).

The Netherlands

The Group has stakes in 55 fields in Dutch territorial waters, of which 44 are in commercial production. At December 31, 2011, the share of 2P reserves held by the Group in these fields represented 101 Mboe, 93% of which was in the form of natural gas.

Several final investment decisions were made, enabling the launch of detailed engineering and the main construction contracts:

- the development of L5-Sierra, which is the first HP/HT gas field that GDF SUEZ will develop as an operator, following a discovery made in 2010; gas production will start at the end of 2013;
- the development of the Amstel field, which will be the first oil production field for GDF SUEZ in the Netherlands; production is expected to start at the end of 2013;
- the development of Orca, a cross-border field that will be operated by the Group's affiliate in the Netherlands on behalf of its Dutch partners, and on behalf of GDF SUEZ's UK affiliate and its partners; gas production is expected to start in 2014.

The Group discovered gas in the K12-L well, which started production in September 2011.

At the end of the year, GDF SUEZ obtained a new exploration licence, K1c, for which it is the operator.

Egypt

GDF SUEZ holds stakes in four concessions in Egypt, two of which are in production.

The engineering and construction phase was launched for the start of gas production from the Assil & Karam fields on the Alam El Shawish West (AESW) licence.

The Group made an oil discovery in the AESW C1-A well.

Other countries

Algeria

The FEED phase for the Touat project will be completed in the first half of 2012. The call for tenders for the Engineering, Procurement and Construction (EPC) contract will be launched at the end of 2012, and the first well will be drilled in March 2012.

Other

In Mauritania, GDF SUEZ owns stakes in two offshore blocks: 24% in Block 1 and 27.85% in Block 7. An exploration well was drilled on Block 7 in September 2010. Drilling was completed in January 2011 and resulted in the discovery of additional gas resources. The Group closed its representative office at the end of 2011.

In the Ivory Coast, GDF SUEZ wholly owns Energci, which in turn holds a 12% stake in the Foxtrot field and the adjacent discoveries. The offshore gas production feeds two power stations that provide 60% of the country's needs. A four wells drilling campaign, initially scheduled for early 2011, began at the end of December with the drilling of the Homard prospect.

In Libya, GDF SUEZ holds 20% stakes in a licence comprising three onshore blocks. The Group concluded negotiations to acquire the 35% stake held by Repsol in this licence.

In the United States (Gulf of Mexico), the Group relinquished its exploration licences due to lack of prospectivity but retained two production assets.

In Qatar, GDF SUEZ is the operator of block 4 with a 100% stake, and will drill two exploration wells in the period 2012-2013. On December 31, a draft agreement paved the way for the entry of CNPC to the block with a stake of 40%.

In Australia, GDF SUEZ and Santos signed two contracts in January 2011 for the study phase of the downstream section (FLNG) [2] and upstream section (start of gas production) of the Bonaparte LNG project. An appraisal well was drilled on the Petrel field. In 2012, the two partners will enter the concept definition phase, in order to identify the optimum technical solution for proceeding to the FEED phase.

(1) Stage of developing and quantifying the solution chosen for the project.

(2) Floating Liquefied Natural Gas.

In Indonesia, substantial gas discoveries were made on the Muara Bakau licence operated by Eni, in which the Group has a 45% stake. A development plan is being evaluated. The gas produced will be exported to the Bontang liquefaction plant. The Capung well on the same licence proved to be dry. At the end of the year, the Group also acquired a stake in the offshore exploration licence of North Ganal, near Muara Bakau in the Kutei basin.

In total, excluding Europe, the Group holds stakes in 22 licences (including five in production), in Algeria, Australia, Azerbaijan, Ivory Coast, Egypt, the United States (Gulf of Mexico), Indonesia, Libya, Mauritania and Qatar. At December 31, 2011, the share of 2P reserves held by the Group in these 22 licences represented 168 Mboe, some 97% of which was in the form of gas.

Gas marketing

GDF SUEZ E&P produced a total of 66 TWh of natural gas in 2011. About half the natural gas produced by the subsidiaries of GDF SUEZ E&P is sold via other Group entities (GDF SUEZ Gas Supplies, GDF SUEZ LNG and GDF SUEZ Trading).

Internal marketing also takes the form of long-term contracts at arm's length conditions, similar to third-party supply contracts.

The balance of production is sold directly to third parties, mainly under long-term contracts drawn up before the acquisitions of these companies. GasTerra in the Netherlands, E.ON and EGM in Germany are some of the subsidiaries' largest customers.

The market risks to which gas contracts are exposed entail entering into hedging agreements with GDF SUEZ Trading.

The long-term contracts under which GDF SUEZ sells its gas production vary depending on the subsidiaries and the local markets. They are indexed to gas spot prices and/or to oil product prices. Price revisions are allowed for at regular intervals in order to align them with changes in market benchmarks.

1.3.3.7 GDF SUEZ Gas Supplies

Principal key indicators

The table below presents the sources of the business line's supply portfolio for each of the three fiscal years ended December 31, 2009, 2010 and 2011 (excluding its own consumption and losses).

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

	Fiscal year ended December 31		
TWh	2011	2010	2009
Long term contracts with third parties	492.1	519.9	495.4
Purchases from the Exploration-Production BU	34.5	28.1	29.7
Short term purchases	148.7	147.2	139.8
TOTAL	**675.2**	**695.2**	**664.9**

Role and strategy

GDF SUEZ Gas Supplies acquires the volumes of natural gas and the transport capacity required by its customers in Europe (marketing entities or producers of electricity) from the major gas suppliers (including Norway, Russia, Algeria and the Netherlands). It manages the balance between customer requirements and resources on all time horizons.

These activities, conducted interactively with GDF SUEZ LNG and GDF SUEZ Trading, give the Group a global vision that enables it to secure and optimize its gas portfolio.

The purpose of GDF SUEZ Gas Supplies is to (i) supply the Group's entities at a competitive price, (ii) do this with a level of supply security that is adequate, notably thanks to the geographical diversification of resources and the transport and storage capacity held, and (iii) enable fluctuations in demand to be managed and respond to the specific requirements of some customers, notably by calling on the markets or on short-term resources.

In cooperation with the other business units of the business line or with Group BUs, GDF SUEZ Gas Supplies is actively developing strategic partnerships with major suppliers. With the marketing entities, it also assesses local opportunities and contributes to creating value in realizing potential gas/electricity synergies. It also markets part of the exploration-production BU's production.

Description of activity

A diversified portfolio

Diversifying its suppliers protects the Group, which operates in all segments of the customer base for the gas markets, against sporadic supply interruptions and enables an appropriate supplying, closely fitting to the needs.

GEOGRAPHICAL DISTRIBUTION OF SUPPLY SOURCES (1) (INCLUDING OWN RESOURCES)

	2011		2010		2009	
Fiscal year ended December 31	*TWh*	*(%)*	*TWh*	*(%)*	*TWh*	*(%)*
Norway	125.6	18.6%	117.2	16.9%	145.1	21.8%
Russia	87.1	12.9%	92.6	13.3%	86.4	13.0%
Algeria	80.6	11.9%	89.9	12.9%	96.8	14.6%
Netherlands	84.1	12.5%	83.7	12.0%	92.2	13.9%
Egypt	31.0	4.6%	42.9	6.2%	54.1	8.1%
Yemen	39.2	5.8%	22.5	3.2%	-	-
Libya	8.3	1.2%	19.8	2.9%	19.8	3.0%
United Kingdom	18.4	2.7%	19.1	2.7%	21.2	3.2%
Germany	3.6	0.5%	3.2	0.5%	3.9	0.6%
Nigeria	-	-	-	-	2.6	0.4%
Unspecified source	48.6	7.2%	57.2	8.2%	2.9	0.4%
Other sources(2)	148.7	22.0%	147.2	21.2%	139.8	21.0%
TOTAL	**675.2**	**100%**	**695.2**	**100%**	**664.9**	**100%**

(1) Excluding exchange contracts and swaps.
(2) Mainly purchases on short-term markets.
NB: Amounts are rounded by the database: there may therefore be small variances between the line-items and the total.

Gas purchases

GDF SUEZ Gas Supplies brings to the Group one of the largest, most diversified and flexible contract portfolios in Europe, representing a real competitive edge in the natural gas market in Europe.

It consists largely of long-term contracts lasting about 20 years. At December 31, 2011, the average residual term of these long-term contracts (weighted by volume) was 13.9 years. This portfolio is balanced through purchases in short-term markets via GDF SUEZ Trading. GDF SUEZ Gas Supplies thus adjusts its supplies to the Group's requirements by optimizing its purchasing costs.

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 stipulate flexibility clauses: these are compensation mechanisms that allow volumes already paid for but not taken 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 has historically been 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 revisions of price and indexing formulae to account for market changes. Finally, 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.

GDF SUEZ constantly seeks to match its portfolio to the market situation. This entails drawing up new contracts and performing price reviews. In a context marked by the decoupling of oil prices, to which the long-term contracts are indexed, from those of the gas sold in the market place, GDF SUEZ Gas Supplies started negotiations with all its principal suppliers in 2009, mainly to ensure that the new market conditions are taken more into account.

At December 31, 2011, references to the price of gas sold on the marketplace concerned more than a quarter of the volumes in the Group's long-term contract portfolio in Europe.

Short- and long-term booked capacities

Thanks to short- and long-term capacity reservation contracts, GDF SUEZ Gas Supplies has natural gas receiving and land and sea shipping capabilities downstream of the delivery points. It currently owns the rights of use needed to perform its supply contracts. In answer to questions posed by the Directorate General for Competition of the European Commission in July 2009, the Group has undertaken to make capacity available on the open market 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 October 2014 at the latest, GDF SUEZ must hold less than 50% of natural gas (including LNG) long-term entry capacity into France for a period of 10 years. It is the responsibility of GDF SUEZ Gas Supplies to turn these new commitments into reality, while making sure it is able to meet its supply contracts.

Relationships with major natural gas suppliers

GDF SUEZ Gas Supplies has established long-term relationships with the major suppliers. These relationships may be further enhanced by various partnerships that involve other Group entities. A strategic protocol was signed with Sonatrach, which led to the 2001 creation of a joint commercialization company, MedLNG&Gas. Co-operation with Gazprom in the LNG segment initiated in 2005, in particular, led the sale in 2010 of 15 LNG cargoes to Gazprom over a period of 2½ years. 2011 also saw the entry into service of the first section of the Nord Stream gas pipeline.GDF SUEZ acquired a shareholding in Nord Stream AG in 2010.

Optimized management of Group supply

GDF SUEZ Gas Supplies manages its natural gas portfolio on the Group's various European markets at different time scales, in order to minimize its total supply costs.

The supplies are established first and foremost by long-term contracts. These contracts give the buyer a certain flexibility in delivery volumes. GDF SUEZ Gas Supplies optimizes its portfolio management through 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.

GDF SUEZ Gas Supplies performs arbitrage transactions by buying and selling on the short-term markets and carries out transactions in which it buys and sells energy-related derivatives as part of its risk management policy.

It 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 last three years.

GAS SALES* (STATUTORY ACCOUNTS)

	Fiscal year ended December 31		
TWh	2011	2010	2009
Operator sales	20	23	20
Short-term market sales	90	63	86
Unspecified	2	5	Not available
TOTAL	**111**	**90**	**106**

* *Excluding exchange contracts and swaps.*
NB: Amounts are rounded by the database: there may therefore be small variances between the line-items and the total.

In addition to reconciling contracts in the best possible way and using short- and medium-term transactions, GDF SUEZ uses its booked capacity in underground storage facilities as a management tool. Gas stored over the summer, using volume flexibility allowed in the supply contracts, helps meet additional customer demand in winter by guaranteeing supply continuity to the Group's customers, thus complying with the legal requirements governing all natural gas suppliers: in France, GDF SUEZ must be able to supply all its 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.

GDF SUEZ Gas Supplies also provides natural gas re-delivery and trading services to third-party operators, primarily Statoil, Shell, Total, ConocoPhilipps, Eni and Enel.

1.3.3.8 GDF SUEZ LNG

The Group's positions in LNG

- largest LNG [1] importer in Europe;
- leader in the Atlantic basin;
- third-largest LNG importer in Europe [2];
- management of a portfolio of long-term supply contracts from six countries;
- regasification capacity in four European countries (France, Belgium, Spain and the United Kingdom), in the United States (New England, Gulf of Mexico), Puerto Rico and Chile, in order to supply the Group's customers;
- at the end of December 2011, a fleet of 18 ships (owned or chartered), including two LNG regasification vessels (also known as Shuttle and Regasification Vessels, or SRVs);
- under development: an onshore liquefaction project in Cameroon and an offshore E&P/LNG integrated project in Australia (Bonaparte LNG).

Description of the LNG activities in the Group

GDF SUEZ's recognized expertise over the entire LNG value chain, from production to imports and marketing, including LNG terminal operation and maritime shipping, enables it to take advantage of the strong growth in the industry.

LNG gives the Group access to new natural gas resources and helps it diversify and secure its supply. It also enables the Group to develop new markets and to optimize the management of its gas supply portfolio. The LNG business is being developed in coordination with Group's upstream activities (exploration & production) and downstream activities (natural gas supply and power production).

Role and strategy

- developing and diversifying the supply portfolio by investing in integrated (E&P / liquefaction / marketing) projects and developing long-term purchase contracts with major producers (IOCs, NOCs);
- safely, reliably and economically supplying GDF SUEZ's various entities with LNG, as part of the Group's global gas supply portfolio, through the management of all the Group's LNG supply and vessel chartering contracts;
- creating additional value through (i) business development (new internal and external markets, new sources of supply, new investments in liquefaction plants and regasification terminals) and (ii) physical and financial optimization of the Group's LNG portfolio.

LNG supply and positions in liquefaction

GDF SUEZ buys its LNG volumes under long-term (15-20 years) and medium-term (1-5 years) supply contracts. The Group also makes spot cargo purchases. The Group's contractual annual long-term commitments are as follows (at December 31, 2011):

	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% stake connected to the Snøhvit deposit)	7.5 TWh	12% of the Melkøya plant
Trinidad and Tobago [2]	29.5 TWh	-
Yemen	39 TWh	-
Shell (LT agreement from 2014 – DES contract [1])	5.7 TWh	-

(1) Delivered ex-ship.
(2) The contract with Trinidad and Tobago is handled contractually by GDF SUEZ Energy North America.

(1) Source: 2011 Waterborne database.
(2) Source: PFC, 2011.

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

- an integrated E&P/LNG 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 coast of Australia. GDF SUEZ therefore purchased a 60% stake in the Petrel, Tern and Frigate offshore gas fields, which will supply the project, in February 2010. GDF SUEZ is the sole operator for the project (E&P and LNG), in which it also holds a 60% stake (see 2.1.3.6 GDF SUEZ Exploration & Production). The Group will also market and transmit the LNG. In December 2010, GDF SUEZ Bonaparte allocated the pre-FEED contract to Granheme (upstream) and DORIS Engineering (midstream) to carry out the preliminary engineering studies;
- an onshore liquefaction plant in Cameroon: the project will comprise construction of an onshore liquefaction plant with a maximum annual capacity of 3.5 Mt, supplied by a national transmission network connecting it with Cameroon's offshore natural gas fields. The site for the plant, allotted to the LNG project by the government in May 2010, is located close to the planned deep water port at Kribi. In June 2010, under their partnership for the development of the LNG export project, GDF SUEZ and SNH (Société Nationale d'Hydrocarbures, the national company responsible for hydrocarbons in Cameroon) jointly awarded to Foster Wheeler the pre-FEED contract to carry out the preliminary engineering studies. In December 2010, GDF SUEZ and SNH also signed a framework agreement setting out the key terms of the project. In 2011, SNH and GDF SUEZ signed preliminary commercial agreements with Euroil and Perenco. These agreements contain the principles that will govern the sale to Cameroon LNG of natural gas produced by these upstream oil and gas operators in Cameroon. The final investment decision has not yet been made.

LNG destination and positions in regasification terminals

In 2011, unloadings were carried out mainly in Europe, North America and South America and were developed to the east of the Suez Canal.

THE GROUP'S LONG-TERM POSITIONS IN REGASIFICATION ACTIVITIES IN 2011

	Regasification terminal	Access to regasification capacity	GDF SUEZ's stake in regasification terminals	Comments
France	Montoir-de-Bretagne	Yes	100%	*Terminals owned and operated by Elengy (a wholly-owned subsidiary of GDF SUEZ), subject to the rules of access to LNG terminals for third parties.*
	Fos Tonkin	Yes	100%	
	Fos Cavaou	Yes	72.15%	*Terminal owned by Société du Terminal Méthanier de Fos Cavaou (a subsidiary 72.15% owned by GDF SUEZ), operated by Elengy and subject to the rules of access to LNG terminals for third parties.*
Spain	Huelva, Cartagena	Yes	-	
United Kingdom	Isle of Grain	Yes	-	
Belgium	Zeebrugge	Yes	-	
United States	Everett	Yes	100%	*Terminals owned and operated by Distrigas of Massachusetts (a wholly-owned subsidiary of GDF SUEZ).*
	Neptune	Yes	100%	
	Sabine Pass	Yes	-	
	Freeport	Yes	-	
Chile	GNL Mejillones	Yes	63%	*GNL Mejillones S.A. is 63% owned by the Energy Europe & International business line and 37% owned by Codelco. In particular, the LNG supply to the terminal is provided by GDF SUEZ LNG.*
Puerto Rico	Penuelas	Yes	35%	*Access via a long-term sales contract.*
India	Dahej	No	10%	*Terminals owned and operated by Petronet LNG Ltd. (a company in which GDF SUEZ has a 10% stake).*
	Kochi (under construction)	No	10%	

GDF SUEZ has filed an application for authorization of a planned offshore terminal in Italy (Triton). In January 2011, the project received a VIA decree (Environment), an environmental impact procedure that certifies the project's technical and environmental aspects.

GDF SUEZ LNG is also positioned on the Asian LNG markets, which are burgeoning. Based on its large and diversified LNG supply portfolio, GDF SUEZ signed a number of medium-term sales contracts with gas companies in 2010 and 2011:

- a contract for the sale of 0.9 Mt of LNG to the Russian company Gazprom, starting at the beginning of 2011, covering a period of 2½ years;
- a contract for the sale of 2.5 Mt of LNG to the South Korean company Kogas, starting in the 4th quarter of 2010 and ending in 2013;
- a contract for the sale of 2.6 Mt of LNG to Chinese company CNOOC, starting in 2013, for a four-year period;
- a contract for the sale of 2.5 Mt of LNG to Malaysian company Petronas, starting in 2012, for a 3½-year period;
- a contract for the sale of 0.6 Mt of LNG to Indian company Petronet during 2012.

Maritime transport

In order to meet its maritime transport needs, GDF SUEZ uses a fleet of LNG vessels 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 20 years or more, depending on the permitted extension periods. At the end of 2011, the GDF SUEZ fleet included 18 LNG carriers:

- 3 ships owned by the Group: *Matthew* (126,540 m^3), *Provalys* (154,500 m^3), *GDF SUEZ Global Energy* (formerly *Gaz de France Energy*, 74,130 m^3);
- 1 ship of which the Group is a co-owner: *Gaselys* (154,500 m^3 (60% owned by the NYK Group and 40% owned by GDF SUEZ));
- and 14 other ships chartered from other shipping companies.

In the area of maritime transport, GDF SUEZ also has the following stakes:

- an 80% stake (with Japanese ship-owner NYK owning the remaining 20%) in GAZOCEAN, a ship management company which runs the *Tellier* (1), *Gaselys, Provalys, GDF SUEZ Global Energy* and *Grace Cosmos* (owned by the NYK Group) LNG vessels;
- a 40% stake in Gaztransport & Technigaz (GTT), which designs on-board LNG cargo containment systems and develops "membrane" LNG tank isolation techniques. In 2010, these membranes were fitted in 68% of carriers in service world-wide (source: GIIGNL).

1.3.3.10 GDF SUEZ Key Accounts Sales

Principal key indicators

- GDF SUEZ Key Account Sales sold 147 TWh of natural gas to its end-customers in 2011 (143.6 TWh excluding intra-group).
- Some 250 customers in over 1,000 sites across continental Europe make up the Key Accounts gas segment.
- Sales were made in Germany, Austria, Belgium, Spain, France, Italy, Luxembourg, the Netherlands and the Czech Republic. Sales in France, Belgium and Luxembourg accounted for 53.3% of volumes sold, compared with 57% in 2010 and 60% in 2009.

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

TWh	2011	2010	2009
France	61	72.8	94
Belgium and Luxembourg	17.3	23.6	25.7
Netherlands	20.8	20.7	27.7
Italy	17.4	25.4	24.9
Spain	5.8	3.9	4.1
Germany	18.8	20.4	22.3
Austria	4.2	1.9	1.3
Czech Republic	1.6	2	0
TOTAL	**146.9**	**170.7**	**200**

(1) *This ship left the GDF SUEZ fleet on June 27, 2011 after 37 years of service.*

The volumes sold in 2011 are clearly down compared with those for 2009. This fall in sales was mainly observed on our long-established markets (France and Belgium). In these two countries, delivered volumes fell from 96.4 TWh in 2010 to 78.3 TWh, or by around 18.8%. Sales in other European countries decreased by 5.7 TWh (mainly in Italy). This fall in volumes between 2010 and 2011 is mainly due to an increased competition, particularly on the Group's most long-established markets, where market prices dropped markedly due to a supply/demand imbalance.

It should be noted that, despite the economic crisis and as in 2010, GDF SUEZ Key Accounts Sales did not experience any major payment default by its customers in 2011.

Role and strategy

GDF SUEZ Key Accounts Sales is responsible for marketing energy offers (gas and electricity) and related energy services to the Group's European Key Accounts.

It performs a 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 on energy optimization, thus contributing to its customers' economic performance.

It coordinates sales action for pan-European Key Accounts in close co-operation with sales teams from the Energy Europe & International and Energy France business lines.

Description of activity

The Group's customers belonging to the Key Accounts category are segmented as follows:

- priority targets: Pan-European accounts (these are major European groups, mainly industrial groups, present in at least two of the countries served). These customers behave in a particular way: they have a European energy purchasing structure and/or they need complex "tailored" packages;
- additional targets: distributors and electricity producers.

Overall, there are 600 key accounts (250 customers and 350 prospects).

GDF SUEZ offers these customers tailored packages that include the sale of gas and electricity, as well as:

- risk management and price engineering packages, primarily based on subsidiary GDF SUEZ Trading's expertise. GDF SUEZ Key Accounts Sales is therefore able to offer its customers fixed or indexed prices for a given period, as well as services that allow them to manage their energy purchase prices dynamically throughout the year;
- packages that combine energy and performance efficiency, supported by the Energy Services business line, such as:
  - the management or the optimization of heating or energy consumption installations to accompany gas sales,
  - the combined sale of gas and electricity or even steam, in enhancing the efficiency of decentralized power generation assets that customers may have or wish to obtain. In the latter case, the service provided includes, if needed and often as a partnership, the construction, financing and operation of electricity production units (cogeneration, trigeneration or combined-cycle);
- since the beginning of 2009, these large customers have had a dedicated brand, GDF SUEZ Global Energy, which provides them with natural gas and electricity offers and related energy services on a European scale. They therefore 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 is carried by the Global Gas & LNG business line and by the Energy Europe & International and Energy France business lines;
- income from these sales will continue to be posted for each business line, and only natural gas sales will be included in the income statement of GDF SUEZ Key Accounts Sales 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 business lines).

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 thus 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 ship the gas.
- GDF SUEZ Key Account Sales will continue, in a difficult competitive context, to supply a significant share of the French market. However, sales outside France will now represent a major growth driver for sales to major industrial and commercial customers.

MARKET SHARE*

	2011	2010
Germany	2.1%	2.5%
Belgium	20.4%	25.6%
Spain	3%	2.2%
France	31.2%	38%
Italy	9.6%	12.7%
Netherlands	12.8%	11.9%
Austria	11.9%	5.3%
Czech Republic	5.6%	6.9%

* *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 (last estimate made by the Key Accounts Sales BU in 2011).*
Source: GDF SUEZ.

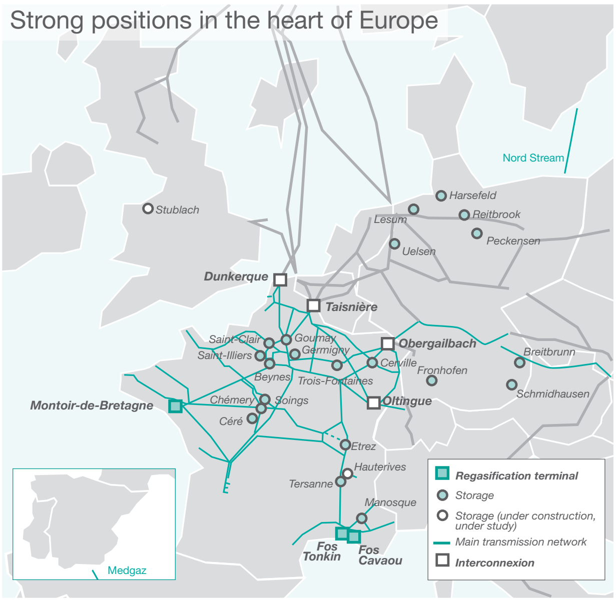
1.3.4 INFRASTRUCTURES BUSINESS LINE

1.3.4.1 Mission

The Infrastructures business line combines in a coher ent body the Group's gas infrastructur es in France, thr ough 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 stakes in transmission companies in Germany (Megal) and in Austria (BOG).

The combined positions of these subsidiaries and stakes make the GDF SUEZ Group the leading Eur opean player in the gas infrastructures sector.

Its business model guarantees it steady , recurring revenues and cash flow that contribute ef fectively to the fi nancial stability of the GDF SUEZ Group.



1.3.4.2 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;
- develop its activities throughout the world to support the success of natural gas;
- facilitate the sharing of best practices, best information systems and best technologies in each activity and between activities of the business line;
- achieve excellence in safety and reliability.

The business line estimates that it will invest an annual €1.5-€2 billion over the next 6 years to achieve its ambitions.

1.3.4.3 Organization

The organization of activities within the Infrastructures business line is based on four independent subsidiaries which are all public limited companies *(sociétés anonymes)*:

- Storengy, wholly owned by GDF SUEZ, manages storage sites in France and supervises GDF SUEZ storage subsidiaries in Europe;
- elengy, wholly owned by GDF SUEZ, builds, maintains and develops the Montoir-de-Bretagne 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 operates the Fos Cavaou terminal;
- GrDF, wholly owned by GDF SUEZ, builds, maintains and develops the distribution network in France;
- GRTgaz manages the transmission network (pipelines and in-line compression stations) in France, and supervises GDF SUEZ's other subsidiaries and stakes in transmission infrastructures in Europe: GRTgaz Deutschland and Megal in Germany, and BOG in Austria. GRTgaz, formerly wholly owned by GDF SUEZ, was opened up to investment on July 12, 2011 through a long-term partnership agreement with the Société d'Infrastructures Gazières (SIG), a public consortium bringing together CNP Assurances, CDC Infrastructure and Caisse des Dépôts. The public consortium acquired 25% of the capital in GRTgaz.

Storengy, Elengy and GrDF have their own resources to manage all their activities.

Besides the support and control functions (Finance, Strategy, Audit, etc.), the support services (work contract management, accounting, gas sector training, IT and purchasing) are provided by five shared service centers which serve the Infrastructures business line exclusively. Each center has an Executive Board bringing together its customers (GrDF, Storengy, Elengy, and specifically regarding Energy Training services, GRTgaz). These centers are grouped into a single operating unit dedicated to the business line.

Pursuant to the Energy Code (see section 1.3.4.5 below), GRTgaz has all the resources necessary to accomplish its missions.

Governance

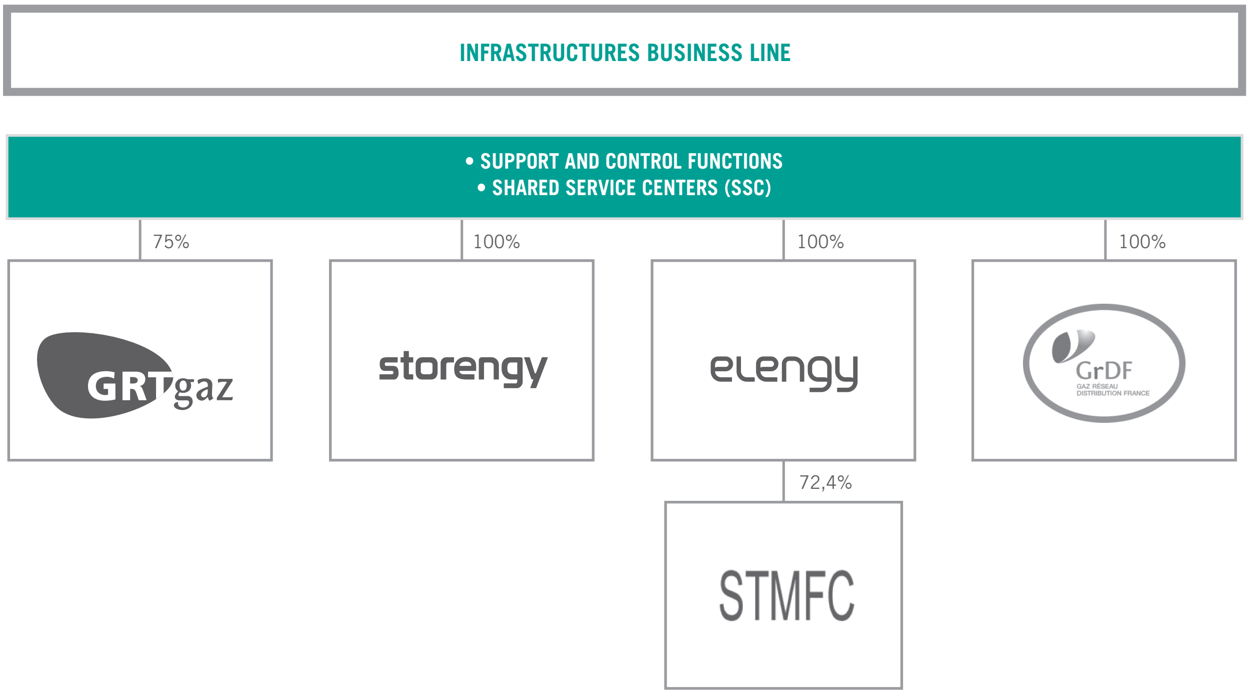
Storengy, Elengy and GrDF each have a Board of Directors and their executive management. Each Board of Directors is made up of 12 members. Nine are appointed by the General Shareholders' Meeting, with two of them being independent directors. Furthermore, three of the directors are staff representatives.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

GRTgaz has a Board of Directors and its executive management. The Board of Directors is made up of 17 members. Fourteen are appointed by the General Shareholders' Meeting, including nine GDF SUEZ representatives, three SIG representatives and two independent directors. Three directors are elected by staff. The Chief Executive Officer is a corporate officer and is the subsidiary's sole operational manager.

Services provided between Infrastructures subsidiaries or with the parent company are covered by contracts.

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

- natural gas transmission subsidiaries in Germany and in Austria;
- storage subsidiaries in Germany, the United Kingdom and Canada;
- local natural gas distribution companies in France.



1.3.4.4 Key figures

In million of euros	2011	2010	Total change (in %)
Business line revenues	5,703	5,891	-3.2%
Revenue contribution to Group	1,491	1,203	+23.9%
EBITDA	2,991	3,223	-7.2%

In 2011, GDF SUEZ Infrastructures accounted for 18% of the Group's EBITDA.

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

- Europe's largest natural gas transmission network (32,027 km in France and 1,436 km [(1)] in Germany and in Austria);
- Europe's largest natural gas distribution network (193,300 km in France);
- Europe's largest storage player in terms of capacity sales (12.5 billion m^3);
- the second-largest LNG receiving and regasification capacity in Europe.

The Infrastructures business line had a workforce of 17,803 as of December 31, 2011.

1.3.4.5 Legislative and regulatory environment

The implementation of European Directives has led the Group to carry out its business in an environment where electricity and gas markets have been opened to competition, including:

- in 2003, the introduction in France of regulated third-party access to transmission, distribution and LNG regasification networks. Access to these infrastructures is based on administrative rates set by applying a rate of return to an asset base recognized by the CRE, (called the "regulated asset base" or RAB), taking account of annual depreciation and amortization and operating expenses;
- in 2004, introduction in France of negotiated third-party access to storage facilities. Access to storage is carried out based on negotiated rates established by the operator, which are published and applied to all customers under identical conditions.

(1) Cumulative lengths of the transmission networks in Germany (Megal, 1,115 km) and in Austria (BOG, 321 km).

The French Energy Code, published on May 10, 2011 (Order No. 2011-504 of May 9, 2011) includes all existing laws relating to natural gas and transposes the 3rd Directive 2009/73/EC concerning common rules for the internal natural gas market, specifically setting out rules of independence for gas transmission operators.

Pursuant to these provisions, since 2003 the Energy Regulation Commission (*Commission de Régulation de l'Énergie* or CRE), has been responsible for tariff regulation for natural gas transmission, distribution and regasification through a stable, incentive-based regulatory framework based on:

- multi-year regulation periods;
- varying rates of return for assets depending specifically on the nature of the infrastructure operated;
- the "RPI [(1)] – X%" method of price indexation, i.e., inflation reduced by a productivity factor;
- incentives to invest in natural gas transmission and LNG terminals, subject to certain conditions;
- adjustments for uncontrollable factors (weather, cost of fuel, etc.).

Third-party access to infrastructures in France

Managing operators of transmission and distribution networks and LNG and storage facilities publish the terms and conditions for use of their works and facilities on their websites.

Infrastructures operators must not discriminate between users or user categories for the works and facilities they operate.

The refusal by an operator to sign a contract for access to its gas infrastructure must be based on reasonable grounds and notified to the applicant as well as to the CRE.

Any gas infrastructure operator and any supplier using said facility must provide other operators with the information necessary to ensure satisfactory operation of the interconnected network and storage sites.

Additionally, to facilitate conditions of access by third parties to infrastructures, and to increase competition on the natural gas market, GDF SUEZ, GRTgaz and Elengy have made commitments to restore market capacities, made compulsory by the European Commission in the Access France procedure. This procedure is described in section 6.2 "Consolidated financial statements – Note 26."

Non-discrimination, Confidentiality of information and Codes of Conduct

All gas infrastructure operators must keep confidential all information, disclosure of which could promote unfair competition. Any operator violating these obligations will be fined under criminal law. The operators involved must inform the CRE of the measures they have taken in this respect.

Pursuant to the Energy Code, activities of distribution and transmission network operators must be:

- performed referring to a "Code of Conduct" to ensure they are objective, transparent and non-discriminatory, and respect the confidentiality of commercially sensitive information (CSI);
- controlled by an independent compliance officer, responsible for ensuring that the commitments undertaken pursuant to their Codes of Conduct are adhered to.

Every year, network operators submit a report to the CRE showing that these provisions have been complied with, which will henceforth be prepared by the compliance officer and submitted directly thereby to the CRE. The CRE publishes an annual report on compliance with the Code of Conduct and the independence of the transmission and distribution network operators.

Furthermore, compliance officers for transmission network operators must ensure the proper execution of the ten-year transmission network development plan.

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 operator, aimed at ensuring their independence. Directive 2009/73, which came into effect on September 3, 2009 repealing Directive 2003/55 on March 3, 2011 strengthens the provisions relating to transmission network operators by allowing Member States to choose between three options: the OU (Ownership Unbundling) system, the ISO (Independent System Operator) system, and the ITO (Independent Transmission Operator) system. France opted for the ITO system. The directives recognize a right of economic supervision and management of the integrated company. These provisions are outlined in the Energy Code. The transmission business was incorporated as a subsidiary on January 1, 2005 and the distribution business on December 31, 2007. In addition, the LNG terminal and storage businesses were incorporated as subsidiaries on December 31, 2008.

Regulating and controlling the application of specific rules for the natural gas segment

In France, regulation is under the remit of several authorities. The Energy Regulation Commission has been the competent regulator for the gas segment since 2003. The Minister for Energy and Economy also has certain control and punitive powers.

(1) RPI: Retail Price Index.

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 includes a Dispute Settlement and Sanctions Committee.

The CRE is empowered primarily to regulate the network by controlling access thereto and regulating the natural gas market. Specifically, it deliberates on rate adjustments made by regasification infrastructure and network operators (see above). The Energy Code gives it additional regulatory powers to set out rules governing:

- missions of the transmission, distribution, storage and LNG terminal operators;
- terms and conditions for connecting to and using gas networks and LNG facilities, including the methodology used to establish the usage tariffs for these infrastructures;
- network operator contracts to purchase gas for their own use;
- the separate accounting perimeters for each activity and the recognition rules applied.

It approves annual investment programs from gas transmission network operators and reviews their ten-year network development plans.

Acting on the advice it receives from the Competition Commission, the CRE approves the separate accounting principles proposed by the integrated companies.

It is empowered to oversee transactions on organized markets in natural gas as well as cross-border trading. The CRE is also charged with overseeing transactions between suppliers, traders and producers.

The CRE can temporarily prohibit access to infrastructures or impose monetary penalties if decisions it is empowered to make are not complied with.

The Ministers for Economic Affairs and Energy

The Energy Ministry determines and publishes an indicative 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 Ministers for Economic Affairs and Energy have investigative powers, in particular for gathering any information about the activity of the gas companies needed for application of Energy Code. The Ministry for Energy can impose a financial penalty or announce the withdrawal or suspension, for a period not exceeding one year, of the authorization to supply or transmit natural gas or of the concession for underground storage of natural gas, against the perpetrators of offences against the provisions of the code or in the event of non-compliance with the concession specification.

Other regulations having an impact on business in France: Public service obligations

The code imposes public service obligations on operators of natural gas transmission and distribution networks, operators of LNG facilities, suppliers of natural gas, and holders of natural gas underground storage permits.

These obligations relate to the safety of people 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-residential customers responsible for missions in the public interest, the continued supply to vulnerable persons, and the supply of gas at the special solidarity rate.

1.3.4.6 Highlights

In April 2011, the CRE approved investment in the ERIDAN project to be undertaken by GRTgaz. This major infrastructure consists of the building of a new 220 km natural gas transmission channel between Saint-Martin-de-Crau (Bouches du Rhône) and Saint-Avit (Drôme) totaling some €490 million. This project will improve operations in the GRTgaz South zone, and increase interconnection capacities with the LNG terminals in Fos-sur-Mer and storage facilities in southeastern France.

At the end of April 2011, Elengy launched an open season tender process to study with interested parties the various options to extend the capacity of the Montoir-de-Bretagne terminal. This process will continue during 2012.

On June 6, 2011, GRTgaz filed its application with the CRE for certification as an "independent transmission operator" ("ITO", see sections 1.3.4.5 and 1.3.4.10). On January 26, 2012, the CRE decided to certify that GRTgaz complies with the independence requirements.

In June 2011, GrDF made the first biomethane injection in France into the distribution network at Sequedin (Nord region). This initial injection opens up new prospects for the supply of renewable energy, and reinforces GrDF's support and advisory role with local authorities for sustainable territorial management.

In June 2011, the conclusions of testing by GrDF led the CRE to approve a new phase in the "smart meter" project, which will consist of building and validating the entire technical solution.

On July 12, 2011, GRTgaz opened up to investment by SIG (see section 1.3.4.3). This agreement formalizes the desire of GDF SUEZ and the consortium to develop a long-term partnership in the gas transmission field in France and Europe.

On August 31, 2011, Storengy completed the acquisition of five storage sites in Germany and a 19.7% stake in a sixth site held by BEB Speicher GmbH and by ExxonMobil Gasspeicher Deutschland GmbH, making it now one of the top four gas storage operators in Germany (10% market share) and the leading European seller of storage capacity.

On November 18, 2011, the binding phase ended for the 2011 Fos Tonkin Open Season, launched in April as part of the project to extend its operation. The results were used to allocate capacity for a tailored project with a 2035 horizon year to sustain the needs of the LNG terminal's customers until 2035.

In December 2011, the CRE approved the investments proposed by GRTgaz for the connection of the LNG terminal in Dunkirk, built by EDF, Fluxys and Total (final investment decision by Dunkirk LNG made on June 27, 2011).

On February 14, 2012, the prefectoral decree authorising the operation of the Fos Cavaou LNG terminal was signed.

1.3.4.7 Underground natural gas storage

France

The GDF SUEZ Group is one of the leaders in underground storage in Europe in terms of owned, operated and marketed storage capacity.

As of December 31, 2011, Storengy was operating:

- 13 underground storage facilities [1] (including 12 wholly-owned). Nine of these storage facilities are in aquifers (total useful storage volume 9 billion m^3), one in a depleted field (total useful storage volume of 50 million m^3), and three are in salt caverns (total useful storage volume of 1 billion m^3);
- 50 compressors with a total power of 229.5 MW, needed to withdraw and inject natural gas;
- facilities for processing gas and for interconnection with the transmission networks.

Germany

Storengy Deutschland GmbH and Storengy Deutschland Infrastructures GmbH, wholly owned by the Group, now own and operate seven storage facilities with useful storage volume of almost 2 billion m^3 (three salt sites: Harsefeld, Lesum and Peckensen; and four depleted sites: Fronhofen, Reitbrook, Schmidhausen and Uelsen). It also has a 19.7% stake in the Breitbrunn site.

The fourth-largest German storage player with 10% market share, Storengy acquired Shell and ExxonMobil storage sites in Germany in 2011. Of these storage volumes, 80% have already been sold up to 2020.

At the Peckensen site, work is continuing to bring two additional salt caverns, originally sold in 2008, into commercial service by 2013 and 2014.

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. Initially, the total planned capacity was 400 million m^3 of useful volume, distributed over 28 caverns. The project was rationalized at 20 caverns, which will make it one of the largest storage facilities in the United Kingdom. The first volumes should be marketed in 2013. 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.

Ireland

The storage facility project in the salt caverns at Larne, which was the subject of a partnership with Bord Gais, continued in 2011. Drilling will be done in 2012 to continue the technical assessment of the site identified by the seismic survey in 2010.

Canada

Storengy is also active in Quebec through an indirect 40% stake in Intragaz. As of December 31, 2010, Intragaz was operating 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.

Legislative and regulatory environment specific to 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 [2] to its subsidiary, Storengy, which operates them and thus holds the corresponding authorizations.

Access to storage facilities in France: principles and prices

"Negotiated" storage access prices are set in a non-discriminatory process. Third parties wishing to use underground storage capacity to cover their end customer supply requirements have access to Storengy's seven storage groups. These groups are set up to

(1) Excluding sites in development in France.

(2) Farming out: in mining law, the name given to an agreement by which the holder of the operating rights (Government or concessionnaire) leases the mine to a third party in return for a royalty.

take into account the characteristics of each storage facility based on the nature of the gas stored (H gas or L gas), its performance (withdrawal speed) and its geographic location.

The Energy Code and decree No. 2006-1034 of August 21, 2006 set the access priorities for storage facilities. This 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 in order 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.

In addition, Storengy regularly makes available to markets capacities beyond those strictly necessary to cover suppliers' storage rights. In 2011, these capacities were sold at auction and in over-the-counter sales at a fixed price, according to the "first come, first served" principle. These provided the opportunity to market new products, such as multi-year capacities (2 to 7 years) or unbundled capacities (the ability to acquire volume, injection capacity or withdrawal capacity separately).

Pricing varies according to the technical capacities of the tanks, the basic storage service and the type of additional operating services selected. All prices for capacities intended to supply end customers, as well as extra available capacity, are published on the Storengy website.

Competitive aspects

Storage is one solution among many for allowing 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 instance). 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 2011, Storengy SA marketed its capacity to 24 customers in France, selling a total volume of 94.1 TWh, or over 80% of offered capacity.

Storage strategy

Storengy aims to strengthen its position among world leaders in underground storage.

It intends to meet the new requirements for flexibility which are increasing on the gas and electricity markets.

In order to do so, its strategy is focused on:

- consolidating its position as European leader;
- asserting its presence in other market regions having varying degrees of maturity: North America, Asia, etc.;
- using its know-how to obtain a foothold in the compressed air storage sector for power generation.

1.3.4.8 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 second-largest European LNG terminal operator (source: GIIGNL). It was also one of the first to receive LNG, starting in 1965. It develops and operates its facilities and markets the associated capacity.

The two LNG terminals at Fos Tonkin and Montoir-de-Bretagne had a total regasification capacity (1) of 15.5 billion m³ per year on December 31, 2011. After having directed its construction, Elengy operates the LNG terminal at Fos Cavaou, with a stake of 72.4%, representing an annual regasification capacity of 8.25 billion m³.

Fos Tonkin Terminal

Brought into service in 1972, Fos Tonkin is located at Fos-sur-Mer on the Mediterranean coast and receives LNG primarily from Algeria and Egypt. Its regasification capacity was increased temporarily to 7 billion m³ at the end of 2005, pending entry into commercial service of Fos Cavaou, and it reverted at the end of 2010 to its initial capacity of 5.5 billion m³ per year. It has a wharf that can accommodate ships transporting up to around 75,000 m³ of LNG and three tanks with a total capacity of 150,000 m³.

The Montoir-de-Bretagne terminal

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, Trinidad and Tobago, Qatar, Norway, etc. It has a regasification capacity of 10 billion m³ a year, two wharves that can accommodate ships transporting up to around 260,000 m³ of LNG and three tanks with a total capacity of 360,000 m³. Following an open season tender 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. In connection with these works, the terminal's downstream wharf was adapted to allow docking of Qmax-size tankers (260,000 m³), the largest LNG tankers currently in existence, thus eliminating the Qflex size restriction (220,000m³) which applied previously.

After the European Commission accepted the commitments proposed by GDF SUEZ in December 2009 to help open up the French market, Elengy made available 2 billion m³ of capacity a year at its Montoir-de-Bretagne terminal, in the form of two lots of 1 billion m³ per year, starting in October 2010 and October 2011. The lot starting in October 2011 has found a lessee for a term of 10 years. Given the results of the call for marketing, the capacity corresponding to the other lot was returned to the conventional marketing process. On December 31, 2010, these capacities were reserved in full by various players until the end of 2014.

(1) A terminal's regasification capacity is the quantity of natural gas, expressed as a volume of gas, that the terminal is capable of receiving over a given period as LNG and routing to the adjacent transmission network as a gas.

Fos Cavaou Terminal

Fos Cavaou, located at Fos-sur-Mer, is the Group's third LNG terminal in France built to meet growth in the LNG market. From its inception on October 26, 2009 until the end of 2011, the Fos Cavaou LNG terminal unloaded some 90 tankers (8 billion m^3). It has operated at full capacity since November 1, 2010. The terminal has a regasification capacity of 8.25 billion m^3 per year, a wharf that can accommodate Qmax-size tankers, and three tanks with a capacity per unit of 110,000 m^3, i.e. a total capacity of 330,000 m^3. This terminal is owned by a dedicated subsidiary, Société du Terminal Methanier de Fos Cavaou (STMFC), in which Elengy holds a 72.4% stake, and Total Gaz Electricité Holding France SAS holds a 27.6% stake. GDF SUEZ has subscribed regasification capacity of 5.175 billion m^3 a year, and Total has subscribed to 2.25 billion m^3 a year. The remainder (10% of total capacity, or 0.825 billion m^3 per year) is reserved for shorter-term operations.

Under commitments made to the European Commission, GDF SUEZ has placed for sale on the secondary market 2 billion m^3 per year over a term of 20 years; 1 billion m^3 per year has found a buyer for a 5-year period, from January 1, 2011.

Legal and regulatory environment specific to regasification activities 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 19, 2008 for the Montoir-de-Bretagne site and on December 22, 2008 for Fos-sur-Mer.

The Administrative Court annulled the operating authorization for the Fos Cavaou terminal in June 2009. Although Elengy has launched an appeal against this ruling, the appeal process does not suspend the annulment in the interim. Initially the administration granted the terminal a provisional authorization to operate at 20% of its capacity. It then extended this measure to 100% of the capacity by prefectoral decree on August 25, 2010. The new operating authorization procedure has succeeded: the public inquiry was held in June-July 2011 and did not encounter any substantial difficulties, and the new operating authorization was obtained on 14 February 2012.

Access to LNG terminals: principles and tariffs

New access tariffs to LNG terminals applicable in 2011 were adopted by the decree of October 20, 2009, formally approving the CRE tariff proposal of July 16, 2009. These 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 its date of entry into commercial service.

The rate of return varies according to the age of the investment. The applicable rates of return are 9.25% (real pre-tax) [(1)] 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 current 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 for the various components of the LNG terminals. Most of the assets are depreciated economically over 40 years. The regulated asset base stood at €1,255 million at January 1, 2011.

The tariff 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", along with a seasonal adjustment (called the regularity variable) which is an incentive for distributing deliveries uniformly from one season to the next.

The LNG terminal activities strategy

Elengy's strategic plan covers the 2010-2017 period and is centered on the following key points:

- to develop new operational capacities, in particular by offering new capacities at Fos Tonkin and at Montoir-de-Bretagne;
- to rationalize the use of existing facilities by striving to maximize the marketable capacities of Montoir-de-Bretagne, Fos Tonkin and Fos Cavaou, always under the best possible safety conditions and in compliance with sustainable development imperatives;
- to mobilize and develop the skills in the organization needed to achieve the above ambitions.

This strategic plan has led already to the implementation of large projects and Elengy will continue to promote plans to extend its terminals, both at Fos-sur-Mer and at Montoir-de-Bretagne.

1.3.4.9 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 third parties with 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 Article L.111-71 of the Energy Code.

(1) This rate is applied to revalued assets. The revaluation index used is the retail price index, excluding tobacco products, as calculated by the INSEE.

GrDF distribution network in France

As of December 31, 2011, the French distribution network operated by GrDF was the longest in Europe [1] at 193,300 km. Virtually all French municipalities with a population of more than 10,000 within the service area are connected to this network. GrDF's networks include some 11 million delivery points [2] in 9,461 municipalities serviced by natural gas, representing some 77% of the French population [3]. During the fiscal year ended December 31, 2011, some 277.5 TWh of natural gas was distributed [4] compared to 348.1 TWh as of December 31, 2010.

The main activity of the distribution business in France is to transmit the gas sold by the shippers (suppliers or agents) to end-customers. The number of customers connected to the GrDF network who switched to an alternative natural gas supplier rose from 900,209 at the end of 2010 to 1,119,000 at the end of 2011.

Legal and regulatory framework for gas distribution in France

Distribution monopoly

Pursuant to the Energy Code, GrDF currently holds the gas distribution monopoly. However, there are exceptions:

- the service area for local distribution companies as described in article L. 111-54 of the Energy Code: 22 local distribution businesses control 5% of the national gas network distribution market. GDF SUEZ holds stakes in the two largest local distribution companies: Réseau GDS (formerly Gaz de Strasbourg), with 24.9% of the capital and Régaz (formerly Gaz de Bordeaux) with 24%;
- apart from the exclusive service areas of GrDF and the local distribution companies, Article L.432-6 of the Energy Code, municipalities not supplied with natural gas may source their public distribution from any authorized operator of their choice.

The concession system

Natural gas distribution is considered a communal public service under French law (see Article L. 2224-31 of the General Local Authorities Code). Each community grants a concession to a distributor to operate this public service on its territory. The concessions that 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 (FNCCR) and GrDF.

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. Municipal authorities, as concession-granting bodies, can also exercise control to ensure the proper execution of the obligations under the distribution concession specifications.

The municipalities and concessionaire agree to the term 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.

At December 31, 2011, GrDF held a portfolio of 6,038 natural gas concession agreements.

The 9,461 municipalities serviced by GrDF through these 6,038 agreements are divided into two groups:

- 8,933 municipalities to which Gaz de France or GrDF has exclusive rights in the service area described in Article L. 111-53 of the Energy Code;
- 528 municipalities through concession contracts allocated to Gaz de France for the 2003-2011 period after a competitive bidding process initiated by the local authorities.

These concession contracts were all transferred to GrDF, pursuant to Article L. 111-59 of the Energy Code.

As of December 31, 2011, the average residual term of GrDF's concession contracts weighted by volumes distributed was 15.13 years.

Contractual relationships between ERDF and GrDF within the Joint Department

Article L.111-71 of the Energy Code 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.

GrDF and ERDF are linked by an agreement defining their relationship within the Joint Department, the services it provides, and the cost sharing of its activities. This agreement was signed for an indefinite period and may be terminated at any time, subject to 18 months' notice, during which period the parties undertake to renegotiate an agreement.

The Joint Department's agents took almost 22 million gas meter readings in 2011 and made some 2.5 million technical interventions related to gas on customers' premises.

(1) *Source: internal benchmark from public data for 2010.*

(2) *A delivery point is a contractual point attached to a routing agreement with a supplier of natural gas from GrDF and is therefore the subject of an actual delivery of natural gas to a customer.*

(3) *All the data for 2011 mentioned in this paragraph relate to the natural gas distribution activity alone. Consequently, its excludes data for propane services, because this activity is not part of the core business of the GrDF distribution subsidiary.*

(4) *Quantities of natural gas distributed: gross withdrawals, in TWh, at Distribution Tramsmission Interface Points (DTIP), after deduction of various losses and differences.*

Access to the gas distribution network: principles and tariffs

For of the past four years, since July 1, 2008, GrDF has applied the ATRD3 tariff proposed on February 28, 2008 by the CRE and set by the ministerial decree of June 2, 2008. The tariff structure is updated on July 1 each year. The CRE's resolution of April 28, 2011 led to a 1.85% reduction in the transmission tariff as of July 1, 2011.

The rate of return applied to the regulated asset base (RAB) is 6.75% (real, pre-tax) (1) for all assets, irrespective of when they were put into service.

The RAB includes all distribution activity assets such as pipelines and connections, pressure regulation stations, meters and other technical and IT-related equipment. The CRE applies straight-line depreciation to calculate annual capital expenses. Pipelines and connections, which represent 94% of the assets in the regulated asset base, are depreciated over 45 years. The RAB was €14,010 million at January 1, 2011.

In response to the productivity incentive in the ATRD3 pricing structure, GrDF regularly publishes some 30 service quality indicators.

The ATRD3 tariff applies to all regions in which GrDF operates, excluding new concessions allocated after competitive tenders. It includes main tariff options that depend solely on the consumption characteristics of the end customer concerned. The new ATRD4 tariff will come into effect on July 1, 2012, for what is expected to be another four-year period ending in 2016.

In addition, the decree of June 2, 2008 establishes the tariff policies for new concessions acquired after competitive tenders that 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 structure, which is used as a reference.

Any catalogue prices (for services offered to suppliers and end customers) not covered by the distribution tariff were updated on January 1, 2011 and July 1, 2011 after they were presented to the CRE and to gas suppliers.

GrDF strategy

The strategy formulated by GrDF drawn from its "Success Through Involvement" business plan, based on the following four key focuses:

- making the safety of the natural gas network a key imperative;
- continued commitment to increasing the number of customers connected to the network;
- facilitating the start-up of the biogas segment by promoting biomethane injection into its networks;
- leveraging its expertise as a gas operator internationally.

1.3.4.10 Transmission activities

GRT has the longest high-pressure natural gas network in Europe (2) to route gas for all its users.

GDF SUEZ also has stakes in transmission networks in Germany (Megal, 1,115 km) and Austria (BOG, 321 km), with a cumulative length (3) of 1,436 km and a contributive length (4) of 600 km.

GRTgaz transmission network in France

GRTgaz develops, operates and maintains the transmission network, regulates natural gas flows through the network, provides network access services to the gas supplier network and markets them.

As of December 31, 2011 the GRTgaz network in France consisted of 32,027 km of pipelines, of which 7,097 km were part of a primary high-pressure network and over 24,930 km were regional networks covering a broad expanse of the country. During the fiscal year ended December 31, 2011, GRTgaz sent 56.0 billion m^3 of gas through the French network (640 TWh) compared to 60.2 billion m^3 in 2010 (688 TWh).

This change of approximately 48 TWh is attributable mainly to the following factors:

- a decrease of approximately 68 TWh in public distribution consumption, mainly due to temperature differences between 2010 and 2011, when the start and end of the year were particularly mild and even warm;
- this was offset by an increase of about 22 TWh in gas exports to other transmission networks (including due to the recovery in the link to Oltingue, which was interrupted from July to December 2010);
- injections in sites in 2011 in order to replenish them after major demand at the end of 2010 during the cold peak, with a slight decline of 2 TWh compared with 2010;
- industrial consumption did not increase: while it increased slightly in early 2011 compared with the previous year, after declines in November and December it was flat compared to 2010.

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 4,500 delivery stations connected to industrial customers and to local distribution networks. The average pipeline age (5) is 31 years.

(1) This rate is applied to revalued assets. The revaluation index used is the retail price index, excluding tobacco products, as calculated by the INSEE. It should be noted that assets acquired or disposed of during year N are paid by agreement over a term of six months during this year.

(2) Source: internal benchmark from public data for 2010.

(3) Cumulative length of the network: total length in kilometers of the pipes for the network in question.

(4) Contributive length of the network: length in kilometers of the pipes for the network in question multiplied by the percentage stake held by the GDF SUEZ Group.

(5) Average pipeline age: weighted average calculated on the basis of the year the pipelines entered industrial service and their length in kilometers.

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. On December 31, 2011, these stations had 88 gas compressors, including 22 electro-compressors, for total compression power of 562 MW GRTgaz also uses compression facilities located at five storage sites operated by the Storengy subsidiary.

Legal and regulatory framework for gas transmission in France

The Energy Code 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 2003-944 of October 3, 2003). Authorizations are registered and non-transferable. Entities that obtain natural gas transmission authorizations must comply with the terms and conditions of these and any appended specifications.

To guarantee the independence of the network operator, the Group has separated the operational management of its transmission network from its supply and production activities, in accordance with EC Directive 2003/55 of June 26, 2003 on common regulations for the domestic natural gas market (2nd Directive).

With regard to the independence of transmission network operators, France has chosen the "ITO" option (see section 1.3.4.5 above). GRTgaz submitted its application for certification of compliance with independence requirements on June 6, 2011. The file complies with the CRE's resolution of May 12, 2011 determining its contents. On January 26, 2012, the CRE decided to certify that GRTgaz complies with these requirements.

Access to the gas transmission network: principles and tariffs

Since January 1, 2009, GRTgaz has applied the pricing elements established by the ministerial decree of October 6, 2008, which approved the CRE's tariff proposal of July 10, 2008. The tariff structure has been updated on April 1 each year since 2010. It was established to cover, for each year, the revenue authorized by the CRE based on official inflation data and the best available forecasts of capacity subscriptions for the year in question.

The rate of return applied to the regulated asset base (RAB) is 7.25% (real, pre-tax). It is 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 was €6,587 million as of January 1, 2011.

In return for the productivity incentive included in the tariff, GRTgaz regularly publishes some 30 service quality indicators.

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 tariffs. 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.

Transmission Europe

Germany

Megal GmbH & Co.KG ("Megal") owned by the GDF SUEZ Group (44%), Open Grid Europe (formerly E.ON Gastransport) (51%) and the Austrian energy company OMV (5%) is a German registered company based in Essen. Its pipeline network was 1,115 km long as of December 31, 2011, linking the Czech Republic and Austrian borders to France. Megal has granted rights to use the assets to the Group and to Open Grid Europe, which each manage separately their share of the network. The company is consolidated on a proportional basis.

GRTgaz Deutschland GmbH, wholly owned by the Group, markets about 58% of Megal network's capacity and, as the Transmission System Operator (TSO) provides the transmission service purchased by shippers. Since October 2009, GRTgaz Deutschland has been part of the largest German market area, NetConnect Germany, in which it has a 15% stake. In order to fulfill the legal obligation of auctioning transmission capacity from August 1, 2011, GRTgaz Deutschland developed the Trac-X shared platform with 11 other German TSOs. It now has an 8.3% share in the platform.

On January 31, 2011, a transactional agreement settled the dispute with the regulator, the Bundesnetzagentur (BNetzA), over depreciation periods for former assets. In October 2011, following two orders from the German Court of Cassation, The BNetzA offered some carriers, including GRTgaz Deutschland, a new transactional agreement resulting in an increase in the maximum revenue authorized for 2010, 2011 and 2012.

Austria

BOG is owned at 34% by the Group, 51% by OMV Gas and 15% by E.ON-Ruhrgas, and holds the exclusive market rights for some 321 km of partially twinned pipeline capacity held by OMV Gas running from Baumgarten, on the Slovakian border, to Oberkappel, on the German border, where it is interconnected with the Megal network. BOG is currently implementing a plan to expand its transit capacity by continuing the partial twinning of its works. This company is consolidated using the equity method.

Transmission business strategy in Europe

Development projects undertaken by GRTgaz represent investments of some €8 billion between 2011 and 2020. They consist of improving the interconnection capacities with Belgium and Spain, connecting new customers, developing the network to meet its public service obligations and improving existing facilities in order to meet market demand by enhancing the fluidity of the transmission network and by improving security of supply for Europe in general and France in particular.

In the context of opening up to investment, GRTgaz has expanded its activities in Europe by purchasing the equity interests held by GDF SUEZ in transmission operators in Germany (GRTgaz Deutschland and Megal) and in Austria (BOG).

1.3.5 ENERGY SERVICES BUSINESS LINE

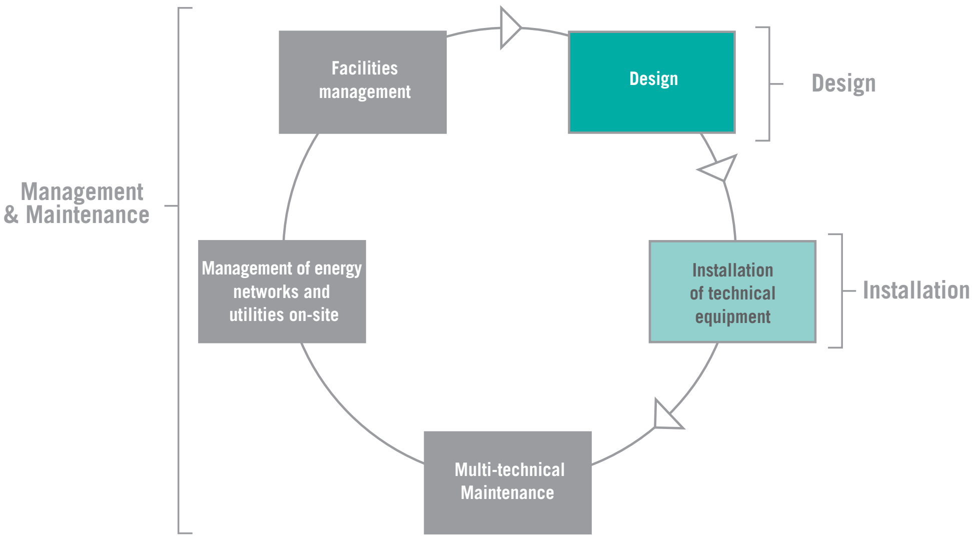
1.3.5.1 Mission

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 (e.g. electrical, thermal or HVAC engineering and system integration);
- multi-service (engineering, installation, maintenance, operation and facilities management);
- multi-energy (e.g. renewable energy sources and gas);
- multi-country.

They cover the entire technical services value chain from design, installation and maintenance of equipment to the management of energy and utilities and long-term multi-technical or facilities management. GDF SUEZ Energy Services supports its customers throughout the life cycle of their facilities and their sites. The services provided by GDF SUEZ Energy Services enable its customers to get the most out of their assets, manage their costs more efficiently and focus on their core activity.

COMPREHENSIVE SOLUTIONS THROUGHOUT THE LIFE CYCLE OF OUR 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 development policies 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 services 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 industry, where management of the energy bill is a key source of competitiveness, and in cities and the building sector, which harbor the main sources of CO_2 reduction. In this context, a partner like GDF SUEZ Energy Services can handle all of the problems and offer a custom package 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 sources, 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 geographical networking - to meet the major challenges that numerous industrial and service sector customers face:

- the need to refocus on core activities and outsource the search for integrated multi-technical and multi-service solutions, in both the private and public sectors;
- the need to implement energy-efficient solutions in industry or in the service sector, especially pertinent against the background of high energy prices and growing environmental constraints;
- modernization of public institutions: health care establishments, university campuses, military or penitentiary sites, etc.;
- 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.

The entities that make up GDF SUEZ Energy Services are structured around a geographical organization of seven Business Units (BUs).

1.3.5.2 Strategy

With revenue of €14 billion, GDF SUEZ Energy Services is the leading player operating on the European energy services market, trading under recognized commercial trademarks: Cofely, Axima-Seitha, Omega Concept, Endel, Fabricom, INEO and Tractebel Engineering.

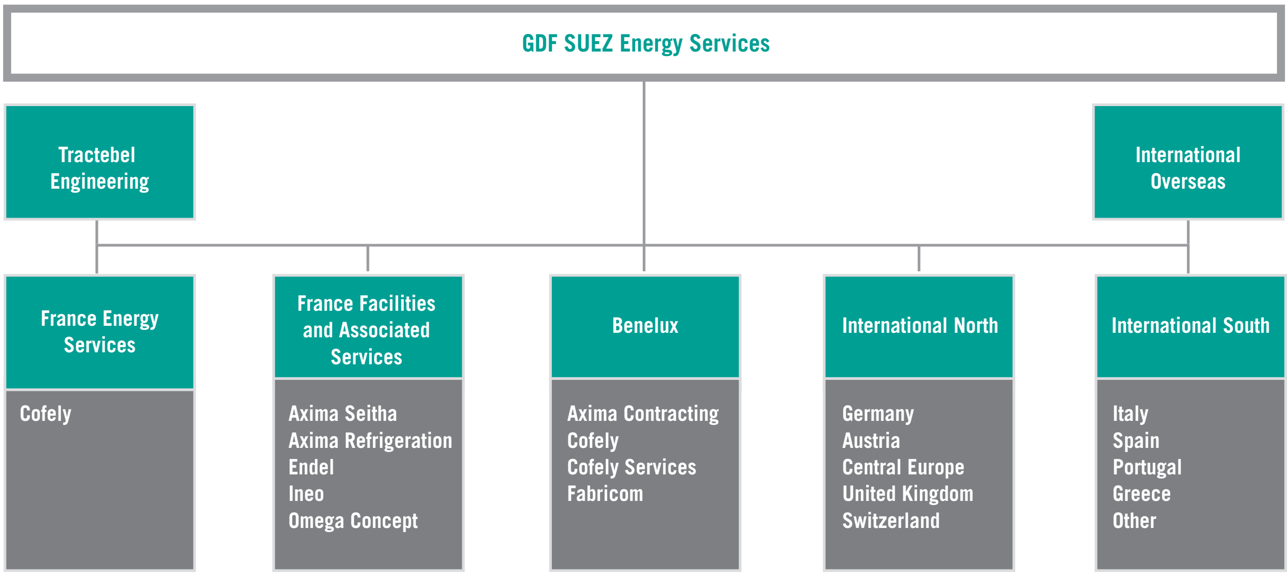
The GDF SUEZ Energy Services business line is currently number one in France, Belgium, the Netherlands and Italy. It occupies a strong position in countries such as the United Kingdom, Germany, Spain, Switzerland and Austria, and has bases for development in other countries, such as Portugal and Greece, as well as in central Europe.

Against this background, GDF SUEZ Energy Services has the following strategic priorities:

- to continue to improve its profitability by rationalizing the current portfolio of business activities, mobilizing internal synergies, and developing cross-functional offerings;
- to consolidate its position as the European leader of multi-technical services by accentuating the sales dynamic and developing innovative offerings: energy efficiency and environmental friendliness, public-private partnerships, new services, etc.;
- to strengthen the Services component in management and maintenance activities and concentrate on the high added-value sectors of facilities activities that require systems integration capacity or expertise in facilities engineering;
- external growth through targeted acquisitions, development in new geographical regions and new activities.

1.3.5.3 Organization

GDF SUEZ ENERGY SERVICES: BUSINESS ORGANIZATION BY COUNTRY



The business line consists of seven Business Units: Engineering, France Facilities & Associated Services, France Energy Services, Benelux, International North, International South and International Overseas. The organizational structure is fundamentally a geographical one. 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 oder to achieve optimum efficiency in terms of sharing technical and commercial expertise and costs.

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;
- on-site management of energy networks and utilities as well as urban networks including mobility and public lighting;
- facilities management.

1.3.5.4 Key figures

2011 figures *(in millions of euros)*	**2011**	**2010**	**Total change** *(in %)*
Business line revenue	14,206	13,486	5.3%
EBITDA	1,005	923	8.9%

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.

1.3.5.5 Highlights

January

ASML is the world's leading supplier of lithography systems for the semi-conductor industry, manufacturing complex machines that are critical to the production of integrated circuits and chips. The industrial group chose Cofely to build more than 50 clean rooms at its new production unit in the Netherlands.

Tractebel Engineering is building for the future in Brazil, carrying out technical studies and managing and supervising works to prevent and control flooding in high-risk areas of the city of Belo Horizonte.

February

Axima Seitha, Ineo and Cofely are in tune with the Paris Philharmonic Society: They will install electrical systems, set up solar panels and provide multi-technical services for its new building under a contract worth nearly €30 million.

Axima Seitha won an order from STX in Saint-Nazaire for the *Europa* cruise ship and confirmed its international expansion with a contract for the repair of two corvettes owned by the Royal Malaysian Navy (RMN).

March

Three thousand houses, 15 municipal buildings, a gas cogeneration plant and biomass boilers: Cofely will connect and expand, over a period of 25 years, four existing urban heating networks in the city of Leicester in the United Kingdom.

Cofely pursued its expansion strategy by acquiring NeVarietur/Soccram, the third-largest urban heating network operator in France. Another 24 networks were thus added to the 65 urban networks already managed by Cofely in France, heating 920,000 equivalent housing units.

Cofely agreed to acquire the Comeron group, comprising six companies specializing in urban heating and HVAC installations, for €30 million.

April

A premiere in France and a step forward for the environment in Toulouse: Cofely will build and operate a heating network for the future eco-neighborhood of Vidailhan in Balma. The power generation plant will combine high-temperature solar sensors and one biomass sensor.

The Munich Pinacoteca, which is Europe's largest modern art museum, has awarded Cofely the energy performance contract for all of its facilities. The seven-year target is to reduce energy consumption and CO_2 emissions by one-third.

May

Cofely won a contract to upgrade, maintain and centrally manage all bridges and locks in the southern region of the Netherlands. The contract, worth €55 million, will ensure safety and improved flows in river traffic and provide better information for users on navigable routes.

At Spreitenbach near Zurich, the ambient heat – from the groundwater, soil, sun and biomass – will be used to cool and heat the future Umwelt Arena eco-technology center. The building, whose roof will house the biggest integrated solar plant in Switzerland, will be built and operated CO_2-free. Cofely will be the exclusive operation and maintenance partner for the complex's HVAC facilities.

June

Cofely, Ineo and their joint subsidiary Optilum have been awarded the first "mixed" Energy Performance Partnership Contract (EPPC) by Bougival, to rationalize the city's public lighting facilities, aiming for a savings of 67% on average in energy consumption and 100% use of electricity from renewable sources. The 20-year contract also includes renovation of the Claude Monet school complex, making it the first renovated low-consumption building in France.

July

After signing the contract to design and manage the Arkema cogeneration plant at Rho near Milan in January followed by the 15-year contract for the installation and management of a cogeneration plant for the Alcantara industrial textiles group in March, Cofely achieved a third major industrial success. It is a contract worth €100 million over 12 years that includes the design, construction and management of a cogeneration plant to meet 100% of the heating and electricity requirements of Arkema's biggest Italian manufacturing site, at Porto Marghera near Venice.

August

The city of Chaumont selected the project proposed by Cofely to operate and upgrade its heating network over the next 20 years. Cofely will build and operate a new facility that will ultimately provide users with heating 80% generated from renewables (wood-energy) and recovered energy. Use of these local and renewable energy sources will reduce the energy bill by 15% and CO_2 emissions by 84% (140,000 tons of CO_2 avoided), equivalent to more than six years of car circulation in the city.

September

ASR Vastgoed Ontwikkeling awarded a contract to Cofely (Netherlands) for the design, construction and 30-year operation of heat and cold generation facilities, as well as management of the network that will supply the new IJ district Westerdokseiland in Amsterdam. Under this contract, Cofely will provide heat and air conditioning for 89,000 m^2 of useful surface area while reducing greenhouse gas emissions by nearly 84% compared to a traditional installation.

The Alcatel-Lucent and Ineo consortium has been awarded a contract by the French Ministry of Defense to upgrade the Air Force communication networks as part of a Public Private Partnership. Ineo will design the architecture of the service and security infrastructures and will be responsible for the integration of equipment, deployment on the bases, maintenance and co-steering of the project with Alcatel-Lucent. The installation will involve about 35 airspace protection areas over metropolitan France.

October

Cofely was chosen to provide multi-technical and multi-service maintenance as part the facilities management for the new Renault plant in Tangiers in the region of Melloussa in Morocco. The plant, which covers 250,000 m^2 and will produce more than 170,000 vehicles a year in a first phase, eventually increasing to close to 400,000, will start up operation in early 2012.

The Ministries of Ecology and Energy chose five Cofely projects in the CRE 4 call for tenders. The projects will use 900,000 tons of wood-energy per year and will produce 99 MW of electricity. Cofely will invest nearly €500 million in these projects, which it will then operate for 20 years.

November

Cofely launched a new biomass boiler room that would produce a portion of the heat for the urban network of the cities of Saint-Denis and Stains. The urban heating network, which is the second-largest in France, has been continually moving towards a diversified and rationalized energy mix, which currently comprises fuel oil, gas and cogeneration, and wood. This new facility, which has 16 MW of capacity, will increase the share of renewables in the network supply to 25%.

December

Fabricom won a contract to build two offshore wind farms: the West of Duddon Sands (WDS) project of Dong Energy-Scottish Power in the United Kingdom and E.ON's Amrumbank project on the German coast of the North Sea. Located 14 km southwest of Barrow-in-Furness in the UK, WDS will comprise 108 turbines of 3.6 MW, totaling 389 MW. Amrumbank will be built 100 km off the northern coast of the island of Heligoland in Germany, and will comprise 80 turbines of 3.6 MW.

Cofely and the Université de Versailles Saint-Quentin-en-Yvelines (UVSQ) launched the first Energy Performance Partnership Contract with a French university. The EPPC, with a term of 25 years, will involve a coherent program of works on all the university's real estate assets, including upgrading and rationalization of all boiler rooms, production of renewable energy (biomass boiler room, solar panels and wind turbines) and increasing the insulation of some buildings.

GDF SUEZ acquired Térmika, a leader in energy services design, installation and management. The company, which is one of the main customers of BHP Billiton and Antofagasta Minerals, two of Chile's biggest industrial groups, will now develop its business under the name Cofely Térmika.

1.3.5.6 Description of activities

Description of activities

Engineering

Tractebel Engineering is one of the leading engineering firms in Europe. Operating in 20 countries, it provides engineering and consulting solutions to public and private-sector clients in the electricity, nuclear, gas, industry, and infrastructures sectors. Tractebel Engineering offers a range of innovative and long-term solutions throughout the life cycle of its customers' facilities: feasibility studies, basic engineering, assistance with project management, assistance with operations and maintenance, and dismantling.

Facilities and related services

Through its specialist subsidiaries, such as Axima Concept (Axima Seitha and Omega Concept trademarks), INEO, Endel and Fabricom, GDF SUEZ Energy Services provides its customers with multi-technical services to extend the working life and improve the reliability and energy efficiency of their facilities. GDF SUEZ Energy Services operates in the tertiary, industrial, transport and local authority sectors and provides innovative solutions for:

- electrical engineering and communication and information systems;
- HVAC engineering and refrigeration;
- industrial maintenance.

Energy services

Leader in Europe, Cofely develops energy and environmentally efficient packages for customers in the tertiary and industrial sectors and helps local authorities with sustainable urban development. Cofely offers solutions for:

- improving the energy and environmental efficiency of buildings (technical management-maintenance, energy efficiency agreements, etc.);
- production, operation and distribution of local and renewable energy sources (cogeneration stations, industrial utilities, heat and cold networks);
- integration of services (facilities management, multi-site management, public-private partnerships, etc.).

Electricity production and distribution

GDF SUEZ Energy Services, with its subsidiary SMEG, distributes electricity and gas in Monaco, and produces and sells electricity in the Pacific region with its subsidiaries EEC (New Caledonia), EDT (French Polynesia), EEWF (Wallis and Futuna) and Unelco (Vanuatu) as a partner in the development of these territories.

Main markets

The region covered by GDF SUEZ Energy Services is mainly Europe: the business line is the revenue leader in France, Belgium, the Netherlands and Italy, and has a strong position in neighboring countries. It also has bases for expansion in Central Europe and growth opportunities further afield (particularly in India, Brazil, the United Arab Emirates, South-East Asia and Canada).

The business line is active in four main markets:

- industry, which accounts for about 30% of its business. The business line's major industry customers are the oil industry, the paper industry, chemicals, power generation and steel making;
- private services, accounting for some 30% of its business, mainly in offices and business centers, shopping malls, data centers and the private residential market;
- public services, which also accounts for about 30%. The Energy Services business line is particularly active in collective housing, public administration, hospitals and university campuses;
- the remainder of its activity is in the infrastructures segment. The business line carries out installation and maintenance work for the electricity and gas networks, ports and airports and street lighting networks.

Although investment in the industrial market is currently stagnating, this segment offers growth opportunities for targeted service activities, which benefit from the outsourcing trend, the tightening of environmental constraints, and the search for energy efficiency.

The development of public/private partnerships, especially in the public services sector, is a favorable factor for growth in combined facilities and services activities.

Finally, the infrastructure market remains attractive, due to numerous local authority initiatives. GDF SUEZ Energy Services is also recognized as a major player in this market through niche activities in transportation and intelligent security technologies.

With a good balance of activities between engineering, installation and services, GDF SUEZ Energy Services brings a unique portfolio of complementary activities to the European market that distinguishes it from its competitors. Its main competitors are Vinci Énergies, ACS and Spie in facilities-related activities and Dalkia and Johnson Controls in service-related activities.

1.3.5.7 Regulatory framework

The main regulatory changes impacting GDF SUEZ Energy Services at European, national and regional levels are:

- broader and more stringent environmental standards regarding, in particular, greenhouse gas reduction targets and the development of renewable energy sources;
- the introduction of mandatory improvements in energy efficiency and development in energy-performance clauses in contracts;
- the development of public-private partnerships.

Combined with increased energy prices in the medium term, these changes essentially represent a growth 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 optimum technical and financial conditions. With its unique blend of activities and expertise, GDF SUEZ Energy Services is ideally placed to satisfy these growing demands.

1.3.6 ENVIRONMENT BUSINESS LINE

PRINCIPAL KEY FIGURES FROM THE CONSOLIDATED INCOME STATEMENT

In millions of euros	2011	2010
Revenue	14,829.6	13,869.3
EBITDA	2,512.9	2,339.4
Current operating income	1,039.4	1,024.8
OPERATING INCOME SUEZ ENVIRONNEMENT SHARE	**322.8**	**564.7**

(SUEZ Environnement Company 2011 Registration Document data).

CONSOLIDATED BALANCE SHEET - PRINCIPAL KEY FIGURES

In millions of euros	December 31, 2011	December 31, 2010
Non-current assets	18,667.3	18,395.0
Current assets	8,361.3	7,535.4
TOTAL ASSETS	**27,028.6**	**25,930.4**
SUEZ Environnement Company shareholder's equity	4,946.1	4,772.6
Non-controlling interests	1,871.1	1,854.2
Other liabilities	20,211.4	19,303.6
TOTAL EQUITY AND LIABILITIES	**27,028.6**	**25,930.4**

(SUEZ Environnement Company 2011 Registration Document data.)

With revenue of €14.8 billion and 80,410 employees as of December 31, 2011, 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 waste water collection and treatment;
- design, construction, occasional funding and operation of drinking water production plants and waste water treatment plants, as well as desalination and treatment plants for recycling it back into 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:

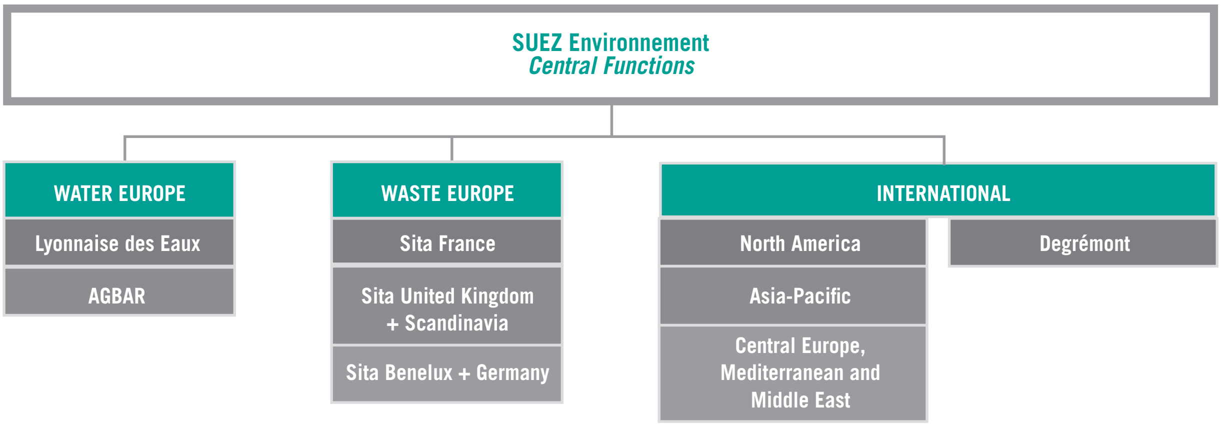
- waste collection (from households, local authorities and industries; non-hazardous and hazardous, excluding waste that may be contaminated by radioactive residue from nuclear activity) and urban cleaning;
- pre-treatment of this waste;
- sorting, recycling and energy recovery from organic and recycled matter;
- incineration or landfill removal of residual matter;
- integrated management of industrial sites (sanitation, cleanup and rehabilitation 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:

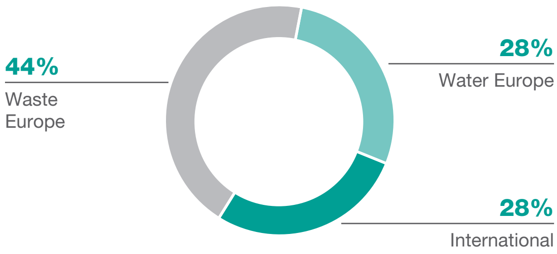
- in water, it signs mainly public service delegation contracts (leasing contracts or concessions), and public sector contracts, but also service, operation and maintenance contracts and construction and engineering contracts;
- in waste, it signs service contracts, management contracts, (delegated or non-delegated, integrated or non-integrated), operation and maintenance contracts and design-build-operate contracts.

In 2011, the consolidated revenue of SUEZ Environnement was equally divided between its water and waste activities. In water, in 2011 SUEZ Environnement operated more than 1,200 drinking water production plants, servicing 91 million people. SUEZ Environnement also operated nearly 2,300 wastewater treatment plants for 63 million people. In waste in 2011, SUEZ Environnement treated nearly 42 million tons of waste, and provided waste collection services for over 57 million people as well as over 435,000 customers in services and industry. Degrémont, the world leader (in terms of revenue) in designing and building wastewater treatment plants, also offers SUEZ Environnement a key competitive advantage.

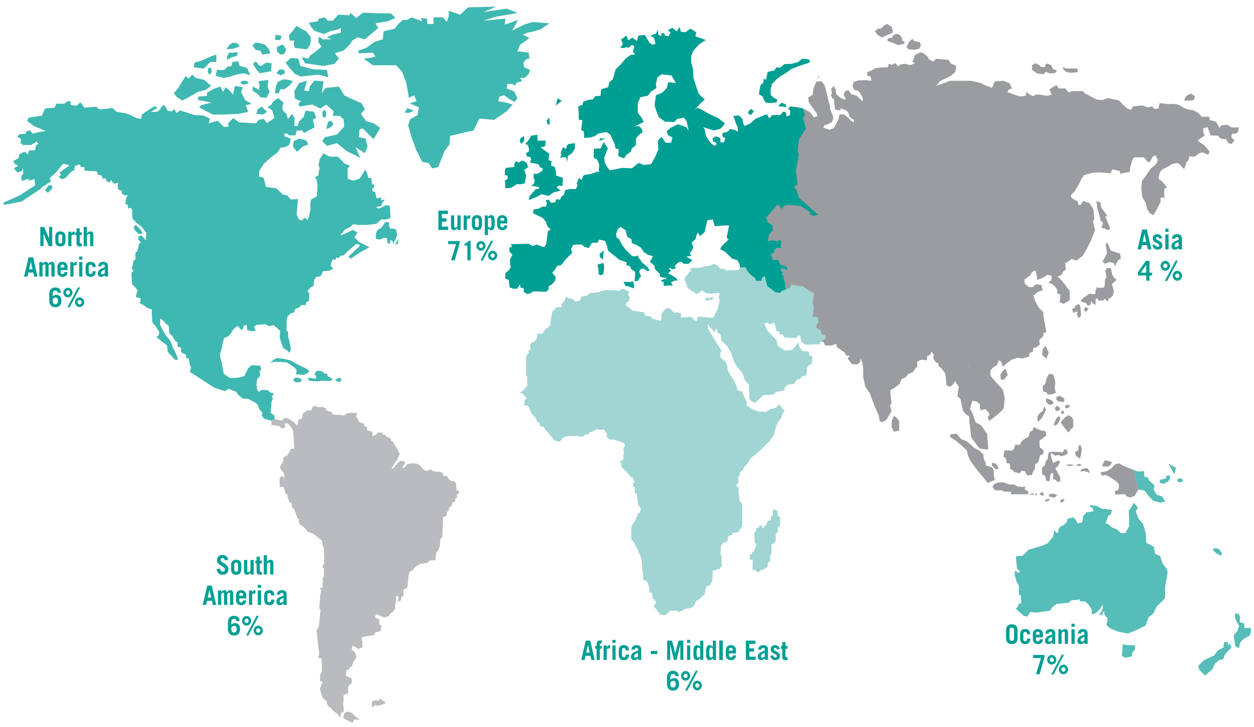
SUEZ Environnement is structured around three main segments: Water Europe, Waste Europe, and International (Degrémont and activities outside Western Europe), which are themselves split into nine business units. Another segment, called Others, covers only corporate functions.



The chart below shows SUEZ Environnement's consolidated revenue breakdown as of December 31, 2011, in terms of its structure ("Others" 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 strong European position, which is particularly marked in France, SUEZ Environnement is adept at adapting its expertise and skills for use in other continents. The following chart shows SUEZ Environnement revenue by region at December 31, 2011 (1):

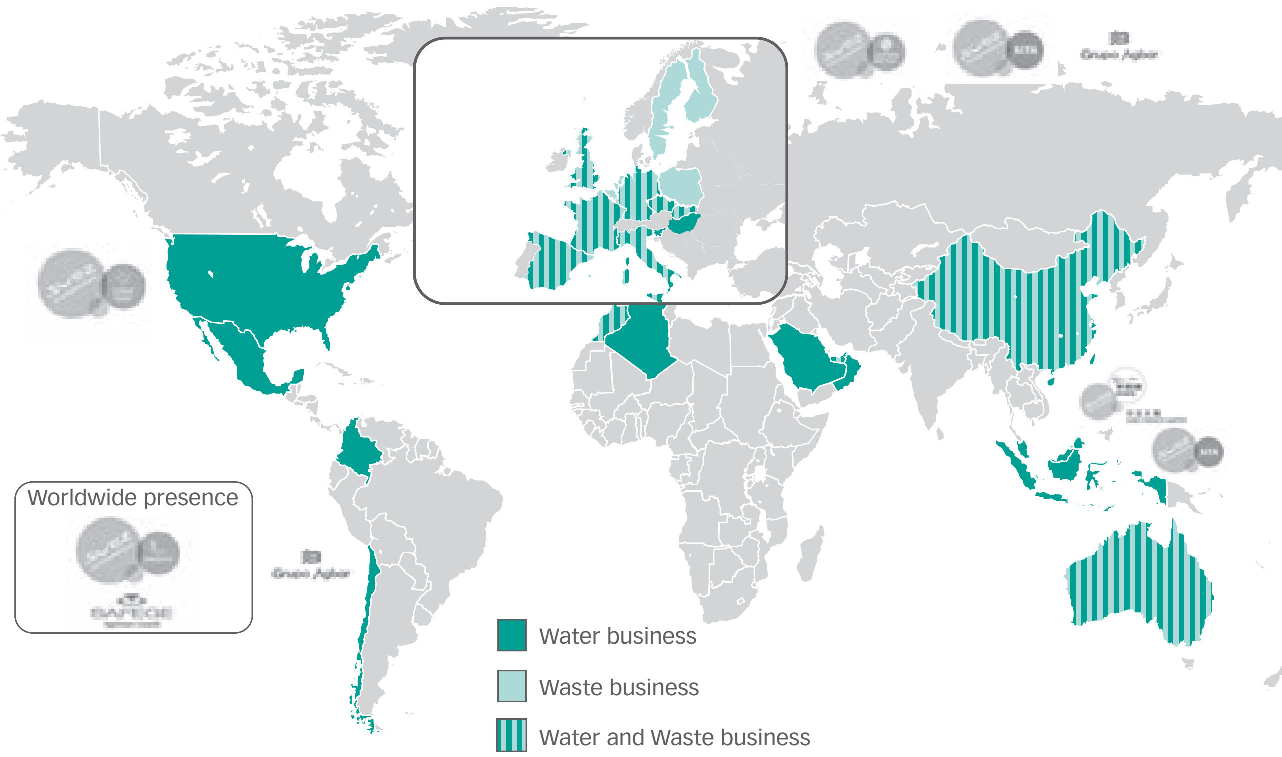


SUEZ Environnement has a broad network of subsidiaries and branches; at the end of 2011, it was operating in over 36 countries. As a result, outside Europe, major cities such as Hong Kong, Casablanca, Algiers, and more recently Melbourne have turned to SUEZ Environnement to manage all or part of their water, sanitation and waste management services, or for the construction of large infrastructures in these areas. SUEZ Environnement usually operates in partnership with local public or private entities (industrial companies, finance companies or their associates) 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.

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, 2011.

(1) *This chart shows the geographical distribution of SUEZ Environnement's sales, independently of the accounting segmentation used in the Group's consolidated Financial statements.*



Finally, 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 Environnement).

For more detailed information about SUEZ Environnement Company, see its Registration Document.

1.3.7 GDF SUEZ TRADING

1.3.7.1 Implementation in 2011 of project to merge the Group's European trading activities

In 2010, GDF SUEZ launched a project to merge its European energy trading activities, conducted by Gaselys and Electrabel. The Group therefore implemented, between May 2010 and May 2011, the ambitious project of creating a European leader combining physical and financial products across the entire energy mix.

The creation of GDF SUEZ Trading is part of the integration between Gaz de France and Suez, by joining the trading activities of each of these former structures. It is also part of GDF SUEZ's model and development strategy, in an increasingly complex energy context where the markets play a more and more significant role.

Creation of a strong trading arm for the Group in an increasingly complex environment

Trading is an essential link in the value chain of utilities in a changing environment.

- Interdependence of elements in the energy mix – gas, electricity, oil and refined products, coal and CO_2 emissions - and correlation between the prices of the various types of energy.
- Price volatility as a given that entails uncertainty for all stakeholders.
- Progressive integration of the European energy markets (particularly through market coupling between electricity consumption zones) and continued globalisation of exchange in the area of gas, with LNG connecting the various gas basins.
- More intense competition between players, particularly in the European climate of gas glut.

Robust, effective trading enables the Group to:

- secure its margins through hedging instruments;
- maximise the value of its assets by capturing added value due to market volatility;
- develop price risk management services for energy consumers.

A new platform benefiting from complementary market positions

GDF SUEZ Trading combines the strengths of the two former structures – Gaselys and Electrabel's trading business – both of which have been active in the market for more than 10 years, covering the full range of energy trading and holding strong and complementary positions on Europe's gas and electricity markets (Gaselys being mainly active in crude oil, oil products and gas, and Electrabel in electricity, gas, coal and CO_2).

GDF SUEZ's unified trading structure has clearly defined aims

GDF SUEZ Trading has based its development on four main aims:

- helping to optimise the portfolio (production tools and long-term contracts) of GDF SUEZ, providing access to the wholesale, physical and financial energy markets, mainly to buffer the impact of price variations by hedging;
- provide assistance to the Group's marketers by delivering price engineered solutions to meet customer needs.

It also aims to create value from its own activities:

- by developing a commercial franchise and specific services for customers or counterparts along the entire upstream and downstream chain;
- by setting up proprietary trading and asset-backed trading strategies based on market expertise.

1.3.7.2 Launch of GDF SUEZ Trading in May 2011

GDF SUEZ Trading began operating on the market on May 2, 2011. Its main features are:

Strong integration within the Group

GDF SUEZ Trading provides market solutions for all the activities of GDF SUEZ along the entire value chain, from production to energy sales. It is the Group's trading entity on the energy markets, in Europe and beyond. Because it is attached to one of the world's biggest energy providers, its counterparties and customers can be sure of its financial soundness. The subsidiary has €1 billion in equity capital.

Multi-product and multi-market coverage

GDF SUEZ Trading deals in the full range of energy products and operates in all the major European marketplaces.

Integrated organisation

GDF SUEZ Trading, which is a wholly owned subsidiary of the GDF SUEZ Group, has all the resources it needs to perform its activities. It has about 320 employees and a unique and integrated IT system.

Offices in Paris and Brussels and an extensive commercial presence in Europe and Asia

Since it aims to be close to its customers and internal partners, GDF SUEZ Trading is based in two locations, with front office and support teams divided between Paris and Brussels, as well as an extensive commercial presence in Europe, with, notably, branches in Germany and the Czech Republic. This commercial presence extends to Asia, with a branch in Singapore that is a platform for future development, particularly in LNG.

An investment services provider

GDF SUEZ Trading was granted an "investment services provider" status. The subsidiary is overseen by the French (ACP and AMF) and Belgian (FSMA) banking and financial authorities, which supervise the implementation of risk governance rules. This status is in line with European regulation, notably entailing strict rules on capital requirements, the fair treatment of customers and the respect of best practice.

A dedicated and specialised risk control system

Risk control is at the heart of the company's governance and practice. Its risk control system was strengthened when the two trading teams were merged with the creation of a Risk Department reporting to a Chief Risk Officer (CRO) and combining the various divisions previously handling trading-related risks. These divisions were previously included partly within the trading entities and partly within the business lines' finance departments.

Market solutions serving GDF SUEZ, its customers and its own customer base

GDF SUEZ Trading helps to improve the competitiveness of the Group's various business segments across the Board:

- in exploration-production, via financial strategies to hedge gas and oil production, access to short-term gas markets (selling uncontracted volumes, buying replacement gas) and contribution to the design of financing schemes for the purchase of production assets;
- in gas supply, by helping to optimise the long-term portfolio through buy/sell transactions on European physical hubs for balancing and arbitrage, financial management of the portfolio's indexations, and deriving value from residual flexibility;
- in LNG, with hedging for LNG spot transactions, thanks to its ability to deal in European, US (Henry Hub, basis) and Asian (Japan Crude Cocktail) markets;
- in electricity production of the Group's European plants, via hedging of spark spreads, dark spreads, tolling agreements and carbon-neutral solutions;
- in the marketing of energy to GDF SUEZ's key accounts in Europe, by creating, together with GDF SUEZ's sales teams, innovative price engineering solutions (risk management) enabling to embed pricing formulae in natural gas supply contracts that are adapted to the risk profiles of industrial groups – fixed price offers, indexed prices, price structures that include buy or sell options – aiming to hedge exposure to unfavorable price fluctuations;
- in marketing energy to other segments of the customer base in France, by price engineering, enabling the 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.

GDF SUEZ Trading is also developing its own activity, by:

- developing its own customer base, to which it diversifies and extends its range of services (from producers and midstreamers to financiers);
- proprietary trading and asset-backed trading activities, within strict limits. The aim is to arbitrate price discrepancies between the various underlying types of energy (gas, electricity, oil and coal) and to capitalise on anticipated price movements.

An increased presence on the European markets

GDF SUEZ Trading operates across the entire energy mix, combining the respective market positions of Gaselys and Electrabel

Natural gas

GDF SUEZ Trading helps to increase the liquidity of the European hubs: NBP in the United Kingdom, the Zeebrugge hub in Belgium, TTF in the Netherlands, NCG and Gaspool in Germany, PEG in France, Baumgarten (Central European Gas Hub), VOB in the Czech Republic and PSV in Italy. It acts as a market maker on the Powernext Gas exchange, created in November 2008. The subsidiary also covers the main European grey points (e.g. Emden, Eynatten and Zelzate). Finally, it trades in US gas to financially optimise LNG transatlantic arbitrage.

Electricity

GDF SUEZ Trading is a major player in the western European electricity markets, as well as in central and southern Europe: the United Kingdom, France, Germany, Belgium, the Netherlands, Luxembourg, Scandinavia, the Czech Republic, Slovakia, Hungary, Poland (market maker on HUPX, POLPX and PXE), Austria, Switzerland, Spain and Italy.

Oil and refined products

As most gas contracts in Europe are indexed to oil products, GDF SUEZ Trading deals in these products, on a financial basis only, to manage the exposure of GDF SUEZ and its customers to movements in these underlying prices (crude oil, refined oil, distillates and Japan Crude Cocktail).

Coal

Coal indexation is also a price component on which GDF SUEZ Trading intervenes financially for hedging purposes (north-west European market and other references).

CO_2 emissions

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

Green certificates

GDF SUEZ Trading provides "green" electricity services based on the Renewable Energy Certificates System (RECS) and Guarantees of Origin (GoO).

A dedicated and specialised risk control system

After the acquisition of the stake held by Société Générale in Gaselys and the merger with Electrabel's trading business, GDF SUEZ Trading consequently reshuffled the organisation of its risk governance bodies and adapted its credit risk and market risk policies as a result. Pursuant to the Ministerial Decree of January 19, 2010, amending Rule 97-02 of February 21, 1997 governing internal control of banks and investment companies, GDF SUEZ Trading has redeployed its risk structure.

A Risk Department was created, reporting to a Chief Risk Officer (CRO). The CRO's responsibilities in terms of market and credit risk notably include defining risk assessment procedures, reviewing credit quality, proposing credit and market limits, and monitoring risk assessment tools. The Risk Department also coordinates operational feasibility reviews for new activities and organises the New Products Committee. The CRO reports to the Audit Committee of GDF SUEZ Trading and to the Energy Market Risk Committee at GDF SUEZ Group level.

This system is incorporated in GDF SUEZ's governance system through a Trading Risk Committee, chaired by the CRO and comprising senior managers of GDF SUEZ Trading and representatives of the Group and the business lines. The Trading Risk Committee reports to the Audit Committee and the Board of Directors of GDF SUEZ Trading.

At operational level, GDF SUEZ'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.

Regarding **credit risks**, lines of credit are allocated counterparty by counterparty. The limits set up are based on Credit Value at Risk models. These risks are reduced through the implementation of various tools: e.g. netting agreements and margin calls, obtaining first demand 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 assessed by stress tests. Surpluses are invested in highly liquid products.

The risk-exposure limits defined for the activities of GDF SUEZ Trading 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, GDF SUEZ Trading tracks equity capital needs on a daily basis and reports them to the ACP.

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

1.4 REAL ESTATE, PLANT 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.

At December 31, 2011, 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 6.2.

POWER PLANTS (> 400 MW)

Country	Site/plant	Total capacity [1] *(MW)*	Type
Germany	Fenne	420	Coal-fired plant
	Zolling	538	Biomass and coal-fired plant
Saudi Arabia	Marafiq	2,741	Natural gas plant
Australia	Hazelwood	1,542	Coal-fired plant
	Loy Yang	955	Coal-fired plant
	Pelican Point	479	Natural gas plant
Bahrain	Al Dur	406	Natural gas plant
	Al Ezzel	954	Natural gas plant
	Al Hidd	929	Natural gas plant
Belgium	Amercœur	420	Natural gas plant
	Coo	1,164	Pumped-storage plant
	Doel	2,911	Nuclear plant
	Drogenbos	538	Natural gas plant
	Herdersbrug	460	Natural gas plant
	Ruien	879	Natural gas, biomass and coal- fired plant
	Tihange	3,016	Nuclear plant
	T-Power	420	Natural gas plant
Brazil	Cana Brava	450	Hydroelectric plant
	Estreito	544	Hydroelectric plant
	Ita	1,450	Hydroelectric plant
	Jorge Lacerda	773	Coal-fired plant
	Machadinho	1,140	Hydroelectric plant
	Salto Osòrio	1,078	Hydroelectric plant
	Salto Santiago	1,420	Hydroelectric plant
Chile	Mejillones	869	Coal-fired and natural gas plants
	Tocopilla	963	Natural gas, coal- and fuel oil-fired plants
United Arab Emirates	Shuweihat	1,500	Natural gas plant
	Shuweihat II	1,510	Natural gas plant
	Taweelah	1,592	Natural gas plant
	Umm Al Nar	2,240	Natural gas plant

(1) Capacity of assets held by GDF SUEZ, all of which are taken into account irrespective of the real ownership percentage.

Country	Site/plant	Total capacity [(1)] *(MW)*	Type
Spain	Cartagena	1,199	Natural gas plant
	Castelnou	774	Natural gas plant
United States	Astoria	1,150	Natural gas plant
	Armstrong	620	Natural gas plant
	Bellingham	527	Natural gas plant
	Blackstone	478	Natural gas plant
	Coleto Creek	635	Coal-fired plant
	Hays	893	Natural gas plant
	Hot Spring	746	Natural gas plant
	Midlothian	1,394	Natural gas plant
	Northfield Mountain	1,102	Pumped-storage plant
	Red Hills	1,186	Natural gas and coal-fired plants
	Troy	609	Natural gas plant
	Wise County Power	746	Natural gas plant
France	CombiGolfe	435	Natural gas plant
	CyCoFos	489	Natural gas and steelworks gas-fired plant
	DK6 (Dunkerque)	788	Natural gas and steelworks gas-fired plant
	Génissiat	423	Hydroelectric plant
	Montoir-de-Bretagne	435	Natural gas plant
Greece	Viotia	570	Natural gas plant
Hungary	Dunamenti	1,867	Natural gas and fuel oil-fired plant
Indonesia	Paiton	1,208	Coal-fired plant
Italy	Isab	532	Natural gas and fuel oil-fired plant
	Maestrale	550	Wind turbines
	Torre Valdaliga [(2)]	1,445	Natural gas plant
	Vado Ligure	1,372	Natural gas and coal-fired plant
Oman	Al-Rusail	665	Natural gas plant
	Barka II	678	Natural gas plant
	Sohar	585	Cogeneration

(1) Capacity of assets held by GDF SUEZ, all of which are taken into account irrespective of the real ownership percentage.
(2) Of which 308 MW has been shelved.

Country	Site/plant	Total capacity [1] *(MW)*	Type
Pakistan	Hubco	1,414	Fuel oil-fired plant
	Kapco	1,345	Natural gas and fuel oil-fired plants
	Uch	551	Natural gas plant
Netherlands	Bergum	664	Natural gas plant
	Eems	2,455	Natural gas plant
	Flevo	989	Natural gas plant
	Gelderland	590	Biomass and coal-fired plants
Peru	Chilca	538	Natural gas plant
Poland	Polaniec	1,452	Biomass and coal-fired plants
Puerto Rico	Ecoelectrica	507	Natural gas plant
Portugal	Elecgas	840	Natural gas plant
	Pego	576	Coal-fired plant
	Turbogas	990	Natural gas plant
Qatar	Ras Laffan B	1,025	Natural gas plant
	Ras Laffan C	2,730	Natural gas plant
United Kingdom	Deeside	515	Natural gas plant
	Eggborough	1,960	Coal-fired plant
	First Hydro	2,088	Pumped-storage plant
	Rugeley	1,026	Coal-fired plant
	Saltend	1,197	Natural gas plant
	Teesside	1,875	Natural gas plant
Singapore	Senoko	2,445	Natural gas and fuel oil-fired plants
Thailand	Glow IPP	713	Natural gas plant
Turkey	Ankara	763	Natural gas plant
	Marmara	480	Natural gas plant

(1) Capacity of assets held by GDF SUEZ, all of which are taken into account irrespective of the real ownership percentage.

UNDERGROUND NATURAL GAS STORAGE

Country	Location	Useful storage volume (Mm^3) net*
France	Gournay-sur-Aronde (Oise)	1,280
France	Saint-Clair-sur-Epte (Val-d'Oise)	530
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)	3,710
France	Céré-la-Ronde (Indre-et-Loire)	570
France	Cerville (Meurthe-et-Moselle)	650
France	Étrez (Ain)	579
France	Tersanne (Drôme)	173
France	Manosque (Alpes de Haute-Provence)	140
France	Trois-Fontaines	80
Germany	Reitbrook	350
Germany	Fronhofen	35
Germany	Peckensen	220
Germany	Schmidhausen	150
Germany	Uelsen	750
Germany	Harsefeld	119
Germany	Lesum	159
Germany	Breitbrunn	213
Germany	Grunewald	43
Canada	Pointe du Lac	10
Canada	Saint-Flavien	50
Slovakia	Nafta	300
Slovakia	Pozagas	270
Romania	Amgaz	33
Romania	Depomures	177

* *Pro rata to the stake held.*

METHANE TERMINALS

Country	Location	Total capacity [2]
France	Montoir-de-Bretagne	10 Gm^3(n)/year
France	Tonkin (Fos-sur-Mer)	5.5 Gm^3(n)/year [1]
France	Cavaou (Fos-sur-Mer)	8.25 Gm^3(n)/year
United States	Everett	6.3 Gm^3(n)/year
United States	Neptune	3.5 Gm^3(n)/year
Chile	Mejillones	1.7 Gm^3(n)/year
Puerto Rico	Penuelas	0.8 Gm^3(n)/year

(1) Capacity rose temporarily to 7 Gm^3/year at the end of 2005 before decreasing again to 5.5 Gm^3/year at the end of 2010.
(2) Capacity of assets held by GDF SUEZ, all of which are taken into account irrespective of the real ownership percentage.

1.5 INNOVATION, RESEARCH AND DEVELOPMENT POLICY

1.5.1 INNOVATION IS AT THE HEART OF THE GDF SUEZ STRATEGY

The Group's expertise is enriched by a dynamic research and innovation policy supported by an international network of research centers and laboratories, together with partnerships with internationally recognized organizations. More than 1,100 researchers, driven by a passion for innovation and the development of new solutions, contribute to the technological excellence in all the Group's activities. In 2011, expenditure on research & development in technology amounted to €231 million and there were some 3,200 patents in the Group's portfolio (including SUEZ Environnement).

GDF SUEZ responds to requests from the business lines in terms of operational excellence research and places prospective corporate research programs within three strategic priorities: carbon-free energy production, intelligent management of energy and the environment, and gas value chains of the future. These highly innovative programs on technologies of the future are: the city and building of tomorrow, smart energy and environment, renewable energies sources, CO_2 capture and storage (CSC), offshore LNG, and gas value chains of the future.

Here are a few highlights from the 2011 programs:

- cities and buildings of the future: establishment of future scenarios for cities by 2030 and identification of the impact on the Group's business activities; development of R&D partnership projects to design high energy and environmentally efficient building complexes as part of the call for expressions of interest in ADEME positive energy buildings and building complexes and EcoCité's call for projects included in the French government's future investment program;
- smart energy (smart metering, smart grids and energy storage): creation of the European Association for Storage of Energy (EASE) to enable dialogue between the European public authorities and the main energy groups and European research centers; launch of the first actual-size smart grid demonstrator in France, relating mainly to aggregation of electricity demand flexibility (GreenLys project, affecting 1,000 residential customers), launch of a cycle of live tests on an initial group of 30 customers as part of the LINEAR smart grid demonstration project, which is supported by the Flemish regional authorities in Belgium and in which GDF SUEZ is participating;
- renewable energy: the continued development, in partnership, of pilot and demonstration projects for biomass gasification (GAYA project) and electricity generation with a pilot concentrated solar power (CSP) facility based on Fresnel technology in Chile; the start of the development of a marine energy pilot project in France and the entry into service of a wave energy pilot in Brazil; continued research into the use of micro-algae in the areas of energy and the environment;
- CO_2 capture, transmission and storage (CSC): creation and "cold-testing" with Hitachi Power Europe and E.ON of the Nijmegen pilot project in the Netherlands, to test post-combustion capture. The pilot project, whose implementation is scheduled for early 2012, was designed to process up to 5,000 Nm^3/h of combustion fumes, i.e., 1 t/h of captured CO_2; finalization of the development, with E.ON, of the large-scale integrated CSC project in Rotterdam, and continuation of the "France Nord" project (study into capacity for storage in saline aquifers); GDF SUEZ is a partner in a new project, SarCO_2, which aims to develop new procedures for choosing materials and designs for CO_2 piping, taking into account the specific features of CO_2;
- offshore LNG and gas value chains of the future: in LNG fuel, simulation of the fuel's behavior throughout the entire fuelling chain and contribution to plans for a fuelling barge; study of the effects of shale gas in the USA on LNG markets, particularly in the Atlantic region.

In 2011, innovation and performance were still at the heart of GDF SUEZ's business culture with a major corporate event: the Innovation Trophies. These have now become an annual event involving the entire GDF SUEZ workforce and they reflect the Group's four fundamental values: drive, commitment, daring and cohesion. In 2011, for the third edition of the Innovation Trophies, 604 entries were submitted (165 more than in 2010), and 20 Grand Prizes and 8 Value Creation labels were presented. A special "Strategy, Industry and Finance" prize was awarded to those who took part in the combination between GDF SUEZ Energy International and International Power.

Finally, in 2011 the 13th International Gas Union Research Conference took place in Seoul. Leader in this event, GDF SUEZ was heavily involved in organizing the conference and defining the program, which combined sessions on the traditional issues of gas research – transmission, distribution and uses of natural gas – with emerging topics such as new power production technologies based on a combination of natural gas and renewable energy sources (biomass, solar and wind), smart grids, etc.

1.5.2 A GLOBAL NETWORK OF RESEARCH CENTERS

Research and innovation is directed by the Research and Innovation Department and is carried out mainly in specialist research centers:

- **CRIGEN** *(Centre de Recherche et Innovation Gaz et Energies Nouvelles)*, the corporate research center located in the Paris region, has 403 employees. It operates in two key fields:
  - developing products and services for end-customers, such as high-performance energy and environmental products and services, renewable energy sources, energy efficiency and new technologies (e.g., smart technologies, hydrogen),
  - predictive maintenance, and infrastructure sustainability and safety: exploration & production, gas networks, gas storage, LNG, energy storage, CO_2 capture and storage,

  as well as in innovative technologies, such as web innovation, information & communications technologies, mobility solutions, lifecycle analysis and assessment of environmental footprint and nanotechnologies.

  Some key achievements in 2011:

  - development of an acoustic detection system for gas networks buried in polyethylene (Gas Tracker V2),
  - development of tools to simulate the thermodynamic behavior of offshore LNG to respond to operational and safety issues,
  - development of a dynamic feasibility study model for supplies to fuel combined-cycle gas plants in order to maximize the efficiency of dispatching decisions,
  - setting up a smart metering demonstrator on the CRIGEN site to test the performance and compatibility of the various technologies,
  - CRIGEN's first round of experiments on a biomass gasifier to supply the glass furnaces,
  - the first benchmark for low-level energy recovery solutions in industry as part of the INDEED project of the Institut d'Excellence Énergies Décarbonées (Institute of Excellence in Carbon-Free Energy), which won the call for projects launched as part of the Investissements d'Avenir (Grand Emprunt) (Investments for the Future (Major Loan)) program;
- **Laborelec**, attached to the Energy Europe & International business line, is the Group's center for research and skills in electricity technology, located near Brussels. With a staff of 255 in 2011, Laborelec generates 70% of its revenue from consultancy, including 25% for third-party customers. Its skills 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.

  Some key achievements in 2011:

  - two research projects on the behavior of electric vehicles (one for Electrabel and Cofely, and one for a Dutch consortium): assessment of battery life according to driving style, the effect of weather conditions on vehicle performance and development of a monitoring tool for this assessment,
  - enhancement of fume processing systems at the world's first 100% biomass plant (MaxGreen plant in Rand - Rodenhuize) equipped with Selective Catalytic Reduction (SCR),
  - in-depth experimental research into the reliability of new materials used at ultra-supercritical coal-fired plants,
  - development and implementation of a tool to monitor wind farm performance,
  - renovation of laboratories at the Linkebeek site within a model building incorporating advanced clean-energy technologies,
  - commissioning of the Smart Home Energy Lab – with a surface area of more than 100 m^2, this laboratory studies a wide variety of residential technologies to develop knowledge of energy management systems;
- **SUEZ Environnement**: its R&D centers (CIRSEE, DENARD, CETAQUA and Shanghai Chemical Industry Park) and expert networks are based in France, Spain, the United States and China. In 2011, the SUEZ Environnement research center network had a new addition: the LyRE (Lyonnaise Recherche) center, centrally located at the Bordeaux campus (France). LyRE has an innovative governance system involving regional players, local authorities, universities and the research center. In addition to working to solve the major issues posed by health and environmental risks, the research and development efforts of SUEZ Environnement also aim to meet the major challenges of sustainable development: to combat climate change, to limit the impact of the Group's activities on resources and to manage the environmental impact as well as health and environmental risks. In total, more than 400 researchers and experts from around the world are engaged full-time in the in the innovation, research and technological development activities led by the Group.

  Some key achievements in 2011:

  - In research:
    - energy production from biogas created from biomass (storage center, sewage sludge), energy savings in infrastructure operations, improvement of energy recycling from incineration units and energy recycling, and development of the potential of renewable energy sources,

  - technical efficiency of drinking water networks: specifying the asset base together with its management and maintenance,
  - the Rhodanos R&D project, launched by the Axelera center and completed in 2011, aims to anticipate and control the effects of liquid, industrial and urban waste on the environment and to enable water industry players to meet the requirements of the master directive on water (DCE), which stipulates good condition of water bodies by 2015,
- In development:
  - improving sorting techniques: optical sorting and floating sorting,
  - development of a pilot project for recycling used diapers, aimed at assessing its recycling potential,
- In product innovation:
  - development of a second-generation, all-electric waste collection vehicle,
  - in 2012, SUEZ Environnement intends to continue its innovation strategy by increasing its efforts to improve its environmental efficiency and that of its customers, and by developing industrial partnerships in order to integrate external technology, as well as partnerships with highly innovative start-ups. In 2010, in order to work as efficiently as possible with this ecosystem, SUEZ Environnement set up an innovation investment fund for new water and waste technologies, Blue Orange, which took off in 2011;

- **Cylergie**, attached to the Energy Services business line, is based near Lyon. Its expertise is used for energy services activities. Special attention is 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 remote systems, thermal renewable energy, the environmental impact of heat production, interior air quality and controlling sanitation risks.

  Some key achievements in 2011:

  - development of a solution to audit and measure climatic comfort inside buildings,
  - development of a solution to analyze humidification/dehumidification systems coupled to air treatment plants to streamline their operation and reduce energy consumption,
  - assessment of combustion of end-of-life wood from the energy and environmental angle,

  As well as the research centers and entities, the BUs oversee their own R&D projects:

- **Tractebel Engineering**, attached to the Energy Services business line, operates in Belgium, France, Italy, Poland, Romania, the Czech Republic, India, Thailand, the United Arab Emirates, Brazil, Chile and Panama. Tractebel Engineering structures its R&D activity on three main areas: sustainable energy (thermal production with low CO_2 emissions and renewable energy sources), nuclear energy, and transmission and distribution networks.

  Some key achievements in 2011:

  - feasibility study on transforming the coal-fired plant at Rugeley in the UK (2 x 500 MW), which is operated by International Power, into a biomass-fuelled plant, and of adapting the manipulation methods used (burning and storage) for pellets,
  - upgrading, rationalization and expansion of the DeNOx-DeSOx system as well as the desalination units at the E-CL (GDF SUEZ) coal-fired plants at Tocopilla and Mejillones (Chile);

- **INEO**, which is under the Energy Services business line, is based in France and structures its R&D and innovation activity around the ideas of systems and "systems of systems" that bring together the company's expertise in energy, communication networks and information systems. This work relates to various businesses: operational communication systems (specialized transmissions, infrastructure protection), transportation systems (operations support, passenger information), electrical systems (digital command and control, intelligent buildings) and intelligent networks (street lighting, electric vehicle-charging infrastructures, smart grids and smart metering). With this in mind, INEO maintains a presence with centers of competitiveness, is a member of an "SME Pact" grouping together innovative SMEs and major accounts, and participates in partnership research programs sponsored by European funds, ADEME (French Agency for Environment and Energy Management) or the *Agence Nationale de la Recherche* (French National Research Agency).

  Some key achievements in 2011:

  - SMART ZAE was chosen by ADEME in its call for smart grid project tenders, financed by the *Grand Emprunt*. This is a smart grid project on an industrial zone scale, which combines power monitoring, wind and solar production, energy storage and the charging of electric vehicles,
  - COOL IT, a European research program on data center energy rationalization, carried out by UNIV CLOUD, a program to develop an inter-university cloud computing platform, as part of the *Grand Emprunt initiative*;

- **the Exploration & Production business unit**, attached to the Global Gas & LNG business line, carries out R&D for the Group in geosciences for exploration & production and underground storage.

- **in the nuclear field**, 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 the serviceable life of facilities, chemistry of primary, secondary and tertiary circuits, and participation in the development of new technologies (4th generation fast-neutron or high-temperature thermal nuclear reactors (GEN IV), experimental international thermonuclear fusion reactor (ITER), etc.).

1.5.3 INTELLECTUAL PROPERTY RIGHTS

1.5.3.1 Patents

The intellectual property held by the Group through patents, brands and copyright on software and databases contributes to the technological products and services that set it apart from its competitors and enable recognition of some of its activities.

GDF SUEZ SA

GDF SUEZ's portfolio includes 176 patented innovations protected by 945 deeds of ownership worldwide.

SUEZ Environnement

The SUEZ Environnement patent portfolio represents 257 patent categories, i.e., around 2,000 national patents filed in more than 70 countries.

1.5.3.2 Brands

GDF SUEZ SA

The flagship brand "GDF SUEZ" (name and logotype) is registered in over 100 countries and is increasingly well-known. As a vital part of the Group's intangible corporate assets, the brand is constantly monitored to protect it against any fraudulent use that could harm the Group's image.

GDF SUEZ owns many other brands registered internationally, including for the activities of its various subsidiaries. An increasing number of these brands are also being monitored.

SUEZ Environnement

At December 31, 2011, SUEZ Environnement held a portfolio of some 520 brands.

2

Risk factors

2 Risk factors

The Group operates in a rapidly-changing environment that can lead to a host of risks, some of which are beyond its control. Due to the diversity of its activities, facilities, products and services, the Group is exposed to financial, industrial and commercial risks. Its leadership position in the energy and environment sector and its growth ambitions also expose it to reputational and strategic risks that depend mainly on external factors, such as changes in the climate and the economic and regulatory environment of its businesses.

The significant risks to which GDF SUEZ is exposed, based on the Group's risk assessment, are described below. Other risks not mentioned or unknown to date could also affect the Group. If one or more of these risks occurred, they could have a significant negative impact on the Group's operations, financial position and earnings, image and outlook, and/or on the GDF SUEZ share price.

2.1 RISK MANAGEMENT PROCESS

The Group adopted a global risk management policy (Enterprise Risk Management) in November 2009, the principles of which are consistent with professional standards (ISO 31000, Federation of European Risk Management Associations in particular). The policy states GDF SUEZ's ambition to manage its risks well in order to ensure the achievement of its targets, mainly to preserve and continuously improve its value and its reputation, as well as internal motivation.

2.1.1 ROLE OF THE GDF SUEZ AUDIT COMMITTEE

The Enterprise Risk Management Policy has been approved by the Executive Committee and presented to the Audit Committee of the Board of Directors. The Audit Committee examines the Group's risk review at least once a year. At its request, it is informed throughout the year of GDF SUEZ's exposure to financial risks and to other strategic and operational risks. This allows the Board to perform its duty of monitoring the effectiveness of risk management and internal control systems required by the Decree of December 8, 2008 transposing into French law the Eighth European Directive on corporate governance.

2.1.2 GDF SUEZ'S ENTERPRISE RISK MANAGEMENT POLICY

The Group's Enterprise Risk Management (ERM) system has been streamlined since it was created at the time of the GDF SUEZ merger, on the basis of longstanding practices at the two former groups. The system fully complies with the relevant international standards (ISO 31000 and Federation of European Risk Management Associations guidelines). It is applicable Group-wide, to all operations and entities.

The Group's Enterprise Risk Management Policy reflects its aim to "manage its risks well in order to ensure the achievement of its targets". The Group considers a risk to be "any uncertain 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. Risk-taking is linked to decision-making: all managers are risk managers. The Management Committees of the Group's entities are the main bodies that determine the actions to be taken to manage risk, except where an ad hoc risk committee has been created, such as for market risk.

To achieve this aim, GDF SUEZ has appointed the Executive Committee member in charge of the Audit and Risk Management Department as "Chief Risk Officer", to oversee the ERM functional line. The Chief Risk Officer's role is to ensure that the Group has adequate expertise in all areas for effective risk management. He or she heads up the network of Risk Officers from business lines, business units (BUs) and operating departments, as well as the Group's Enterprise Risk Management (ERM) Committee, which performs a coordinating role and provides expertise.

The Group's ERM process begins with the risk review, including decisions regarding major risks and actions to be implemented to reduce them. The Group thus identifies its priority risks, each of which is coordinated by an Executive Committee member, who draws up an overview, establishing a risk assessment at Group level, action plans and monitoring. The ERM campaign is launched at the beginning of the year and sets out guidelines for risk management throughout the year. Risk management is the subject of intermediate reviews throughout the year, after verification that no major event has taken place requiring reassessment of risks and action plans to reduce them. The operating entities perform their risk review in the first half of the year, the business lines and operational departments in the third quarter, and the Group in the fourth quarter. The Audit Committee examined the risk review at the start of the year (February 23, 2012) and issued an opinion on the effectiveness of the risk management system, which it reported to the Board of Directors (February 29, 2012) at the same time as the latter examined the risk review.

Knowledge of risks from reported information is supplemented by interviews with the directors of the entities and an analysis of publications by outside observers (e.g. financial analysts, rating agencies, ERM think tanks, comprehensive studies and major events world-wide), in order to improve risk awareness within the Group. The main risk factors to which the Group is exposed are described here in section 2.

2.1.3 CRISIS MANAGEMENT

GDF SUEZ may have to face crisis situations, to which its structure and size, the nature of its business activities and its global presence all expose it. Its economic and industrial activities and social responsibility, which are very high profile, place it in the media spotlight. When a major event takes place in the areas of energy and the environment, GDF SUEZ is often asked to comment. In these circumstances, which are often unforeseeable and unexpected, communication plays a crucial role in protecting the image and reputation of the Group. To respond to these situations, the Communications Department:

- has developed and distributed a crisis management and communications policy, working closely with the Group Health and Safety Department;
- has set up an international hotline, available 24/7 for the entire communications division, for real-time serious incident alerts;
- holds training seminars on crisis communication to increase awareness and prevention of crises, including media crises, and to develop the proper responses;
- takes part in Group crisis exercises and, in this context, in the work of the Group crisis unit;
- activates a monitoring system which is reinforced depending on the nature and severity of events;
- is mobilized and available alongside the business lines and BUs during crises to provide support and help answer all requests, protect the Group's image, and defend its reputation and value.

The crisis management and communication policy sets out general operating principles and the roles of the various participants. The efficiency of the system and the way it is structured (e.g. emergency plans and business continuity plans) are regularly checked using appropriate exercises at least once a year.

The Group has an alert system called "permanent management". This main task of this system is to mobilise the resources needed for crisis management, while the entity concerned remains responsible for operational guidance. The Group can thus activate either a reinforced monitoring system or a crisis cell, according to the nature and seriousness of events. If an accident occurs, the operational response is vital in reducing the impact on people, assets and the environment

2.1.4 RISK AND INSURANCE COVERAGE

The GDF SUEZ Insurance Department is responsible for preparing, establishing and managing programs in the areas of corporate asset protection (against property damage and losses in earnings) and personal protection, third-party claims (civil liability), automobile insurance and prevention.

For each of these areas:

- severity risks are transferred to the insurance market whenever possible, and deductibles are optimized according to the nature of the risk and the cost of transfer;
- the optimized financing of low or moderate-impact frequency risks is based largely on self-insurance plans, either directly through deductibles and retentions, or indirectly through the use of the Group's reinsurance company, whose commitments range from €500,000 to €25 million per claim, which on a cumulative basis represents a maximum estimated loss event of approximately 0.2% of the Group's 2011 revenues.

Annual premium volumes (all taxes included) for fiscal year 2011 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 (civil liability) were, respectively, approximately 0.19% and approximately 0.08% of the Group's 2011 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 (due to the common insurance exclusions).

2.1.4.1 Civil liability

A D&O (Directors & Officers) civil liability program covers 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, such as SUEZ Environnement or some regions in the Energy Europe & International business line (usually with cover of $50 million).

2.1.4.2 Nuclear civil liability

As an operator of nuclear power plants in Doel and Tihange (Belgium), Electrabel's civil liability is governed by the Paris and Brussels Conventions. These established a unique system based upon common law to ensure that victims receive compensation and to encourage solidarity among European countries.

The 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, with a 10-year statute of limitations. The signatory states to the conventions further created a mechanism that provides additional compensation beyond this maximum amount.

The ratified Belgian national law requires the operator to provide a financial guarantee or to take out civil liability insurance. The law of November 13, 2011, amending the law of July 22, 1985, increases the civil liability of the nuclear operator from €300 million to €1.2 billion with effect from January 1, 2012. The nuclear civil liability insurance program taken out by Electrabel was adapted with effect from January 1, 2012 to comply with this obligation.

2.1.4.3 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 cover based either on new replacement 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 US$2.7 billion.

Insurance covering business interruption and additional operating costs is taken out 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 client, project manager or prime contractor.

Exploration-production activity, which is carried out primarily offshore, is covered by a specific insurance program tailored to this sector's risks and in accordance with its practices.

2.1.4.4 Marine liability

An insurance contract covers LNG transportation by gas tanker and is limited to €40 million per shipment.

Marine insurance contracts cover the Group's liability as ship owner (limited to $6 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.

2.1.4.5 Employee protection programs

The operating entities develop programs covering employees against the risk of accidents and medical expenses, in accordance with applicable legislation and pursuant to company agreements.

2.2 ENVIRONMENTAL RISKS

2.2.1 ECONOMIC ENVIRONMENT

Fiscal 2011 was characterized by a depressed economic environment in Europe and North America, affecting most economic players, as well as by weaker growth conditions in developing countries. Given the nature of its businesses, GDF SUEZ is sensitive to a number of economic factors. Their potential impacts are described below.

These risks are analyzed and measured as part of strategic planning processes (forecasts, financial statements, medium-term business plan) that allow the Group to anticipate and prepare for changes in the outside environment.

2.2.1.1 Group exposure to economic cycles and changes in supply and demand

Some of the Group's activities - such as services or energy supply 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 may provide, as well as energy demand. This fluctuating demand can cause significant changes in the level of activity and margins of these businesses.

A prolonged slowdown of operations among the Group's major customers could contribute to reduced demand for energy, water and waste and related services, affecting the Group's business volumes and margins.

In Europe, some of the Group's activities could be affected by relocation of their customers' operations to low-cost countries. Specifically, in the energy businesses, large electricity-intensive customers (including metallurgy and chemicals) could relocate production to regions where energy costs are lower than on domestic markets and this might affect the Group's revenues.

The Group's considerable geographic and sectoral diversity provides only partial protection against this risk.

2.2.1.2 The Group's exposure to changes in consumption patterns

Numerous societal, regulatory and technological factors are combining to slow the growth of electricity, gas and water consumption and waste production. In Europe, business volumes are falling in the natural gas sector, associated among other things with improvements to the energy and environmental efficiency of industrial processes and in the building industry (new and existing buildings), the adoption by individuals of environmentally friendly attitudes and the image of gas associated with that of a fossil energy source emitting CO_2.

Environmental activities reflect similar trends, with a decline in business volumes in the water and waste sectors as consumers adopt environmentally friendly attitudes.

In view of these risks, monitoring mechanisms have been set up and business models adjusted, as necessary.

2.2.1.3 The Group's exposure to changes in production methods

Restrictions in order to reduce CO_2 emissions, renewable energy support schemes and other regulatory and tax schemes increase the complexity of the competitive balance among different forms of energy and augment the uncertainty over relevant technology 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 characterizes the Group's portfolio of assets and customers, and the moderate level of CO_2 emissions by its facilities, limit its exposure to this risk, particularly when compared to less-diversified primary competitors or those with higher emissions as a result of their production mix.

2.2.2 COMPETITIVE ENVIRONMENT

In its different businesses, the Group is confronted with increased competitive pressure, both from major international players and private and public sector niche players.

2.2.2.1 Competition in the energy sector

Deregulation of electricity and gas markets, both in Europe and the United States, has opened the door to new competitors, introduced market price volatility and called the viability of long-term contracts into question.

In the gas sector, major producers are becoming interested in the downstream value chain and are competing directly with established distribution companies, including those that belong to the Group. Increased competitive pressure could have a significant negative effect on the sales prices, margins and market shares of the Group's companies.

The pursuit of unconventional gas development, particularly in the United States, has contributed to falling market prices and a marked difference between spot and long-term contract prices. The competitiveness of long-term contracts indexed to oil prices could be affected if this discrepancy persists and if it should prove difficult to invoke price revision clauses.

2.2.2.2 Competition in the environmental sector

In the environmental sector (water and waste services), the Group's activities are subject to strong competitive pressure from both local and international operators, resulting in 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 and Benelux. In addition, new forms of competition are emerging: some public sector operators are entering the market and local authorities are regaining control of these services.

2.2.2.3 Competition in development activities

The Group's growth relies in part on the development or acquisition of new energy production infrastructures. This activity is subject to competition on a global scale, with a limited number of players, all with high levels of expertise that enable them to bid successfully in invitations to tender issued most frequently by local authorities for the development of production infrastructures and systems. Increased competition may increase the cost of acquiring or developing certain assets. If this leads to excessive increases in production capacity in a given market, competition may create downward pressure on prices and harm the positioning of existing assets.

2.2.3 REGULATORY AND POLITICAL ENVIRONMENT

The legal and regulatory landscape for the Group's businesses is changing in terms of both environmental and social issues and due to energy sector (de)regulation.

2.2.3.1 Environmental and social laws

The Group's businesses are subject to a host of laws and regulations that address environmental protection, promote energy systems with zero or low greenhouse gas emissions, reduce energy consumption, protect health and develop safety standards. These laws and regulations specifically concern air quality, renewable energy, greenhouse gas emissions, waste water treatment, drinking water quality, hazardous and non-hazardous waste treatment, soil contamination, management of nuclear facilities, gas transmission networks, storage facilities, LNG terminals, and CO_2 storage facilities.

The market for trading greenhouse gas emissions rights in Europe, combined with national CO_2 emission allocation plans, creates volume and price risks on these emission rights (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.

The European "Climate-Environment" package was adopted in May 2009. This package describes the measures to be taken by Member States to meet the target of reducing greenhouse gas emissions by 20% compared with 1990 levels by 2020 and of achieving a European energy mix composed of 20% renewable energy sources by that same year. However, in the current economic context, governments are tempted to reduce financial support for renewables and energy efficiency.

The Directive on the energy performance of buildings has been revised, requiring Member States to adopt ambitious plans for energy-efficient, or very low energy-consuming buildings ("passive houses"), to be defined by 2020, or strict energy performance standards for the renovation of new or existing buildings. The Group could be called upon to contribute directly or indirectly to this effort, and could see a decline in sales.

The new Directive on industrial emissions (known as the IED Directive), adopted on November 8, 2010 (published in the EU OJ [EU Official Journal] on December 17, 2010 under the reference 2010/75/EU), incorporates existing European laws, such as the Directives on integrated pollution prevention and control (IPCC), large combustion facilities and waste incineration, and at the same time makes the law stricter. The IED Directive in particular strengthens the role of the best available techniques for large combustion facilities (BREF) and the associated emission thresholds.

In France, the adoption of the "Grenelle 2" laws introduced measures (e.g. rules relating to establishing new sites for installations, procedures for authorizing renewable energy projects, water law) that have placed constraints on some of the Group's activities, in a context of decreasing financial support (e.g. feed-in tariffs and tax credits). At the same time, energy companies are subject to stricter obligations relating to Energy Savings Certificates (CEE) and are under pressure from the government to participate substantially in financing social support measures (e.g. to alleviate energy poverty).

In the United States, greenhouse gas reduction policy (including CO_2) is currently limited to regional initiatives, such as the Regional Greenhouse Gas Initiative, in which the Group's facilities are taking part. The Environmental Protection Agency (EPA) has tightened pollutant emissions rules, issuing the Cross-State Air Pollution Rule (CSAPR) on July 6, 2011, which could require a steep reduction in SO_2 and NOx emissions from 2014, and, in December 2011, has specified mercury and air toxics standards for power plants applicable as from 2016. The impact of these measures is limited, given the overall efficiency and low carbon intensity of the Group's US facilities.

In Australia, the Carbon Pollution Reduction Scheme is progressively introducing from July 2012 (or 2013, depending on the parliamentary agenda) a CO_2 recovery mechanism that could eventually lead to the closure of certain sites.

All these measures could have a significant impact on the Group's earnings. Changing or tightening regulations could entail additional investment or operating costs for the Group. 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. Finally, many 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 Group is working to limit "carbon risks" by diversifying and reducing the carbon content of its production mix. 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 biogas capture and recovery at waste storage sites and harnessing the energy produced by incineration, landfills and anaerobic sludge treatment facilities as renewable energy.

Beyond contractual precautions, the Group is working to limit all of these risks, principally as part of an active environmental protection policy (see Section 3.4.4.9, "Active Environmental Protection Policy") and by managing a comprehensive insurance program (see Section 2.1.4 "Risk and Insurance Coverage").

2.2.3.2 Sector regulations

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 natural gas or liquefied natural gas (LNG), water management and waste collection and treatment, are subject to stringent regulation at European, national and local levels (e.g. competition, licenses, permits and authorizations). Regulatory changes may affect the Group's operations, prices, margins, investments and, consequently, its strategy and profitability. This risk is particularly marked in a general context of pressure on public finances, particularly in Europe.

Current proposals or plans regarding regulatory changes at both European and national levels could have an impact on the GDF SUEZ risk profile.

These include implementation of the EU's third energy package of legislative proposals for Europe's electricity and gas markets and the related technical implementation measures. The third package stipulates the creation of 12 network codes, currently at different stages of progress. The Capacity Allocation Mechanism and the Congestion Management Process, which are currently being drawn up, could have a substantial impact on GDF SUEZ's activities by 1) favoring the short term at the expense of players willing to commit to long-term subscriptions, 2) threatening the balance in the relationship between the major purchasers and non-European producers, probably benefiting the latter, and 3) disrupting the cycle of trade negotiations with these producers at a key time by imposing new delivery points in line with the target model that has been developed. GDF SUEZ is participating in the working groups involved in drawing up these documents and guidelines.

In 2011, the European Commission also began an in-depth review of European rules on financial markets and products, proposing a revision of the Capital Requirement Directive, the European Markets Infrastructure Regulation as well as a revision of the Markets in Financial Instruments Directive (MiFID) – 2004/39/EC and the Market Abuse Directive – 2003/6/EC). The proposed measures could affect transaction costs and cause some players to withdraw from the market or reduce their positions, and could ultimately lead to a deterioration of over-the-counter markets.

In addition to EC initiatives of potential significance for GDF SUEZ, the following should also be noted:

- the Draft Energy Efficiency Directive, published in June 2011, which requires Member States to reduce supplier or distributor energy sales volumes by 1.5% a year from the previous year. The current text requires new and existing electricity generation facilities producing > 20 MW to recover heat through a highly efficient cogeneration system, the deployment of smart meters (for electricity, gas, heating and cooling networks and hot water) from 2013 and monthly billing based on actual consumption of electricity and gas for residential heating;
- in December 2011, the European Commission issued a proposal for a Directive relating to the establishment of a European framework for the allocation of concession contracts in Europe. Without prejudging the outcome of the process for adoption of the proposal by the European Council and Parliament, it could have an impact on the Group's concession activities in the hydropower, heating, water and waste management sectors. The gas distribution sector may be excluded from the Directive's scope of application;
- the draft revision of Directive 2003/96/EC, published on April 13, 2011, concerning the taxation of energy products: natural gas, heating fuel, motor fuel and electricity. This mainly involves revision of the existing tax, breaking it down into a tax on energy consumption and a tax on carbon content;
- the roadmap for low-carbon energy by 2050, issued in December 2011, presents low-carbon energy mix scenarios for Europe to achieve the target of reducing EU emissions by 80% by 2050. This document, which is not binding, could nevertheless be a fundamental guiding force for European legislation over the next years.

In some Member States and at European level, public measures have been implemented in the energy sector through regulation and giving more extensive powers to regulators with regard to the area of competition. This may take the form of price controls, the continued existence of or intent to reintroduce regulated tariffs for both gas and electricity sales at levels incompatible with supply or production costs, "windfall taxes" on energy operators' profits, the ring-fencing of provisions accrued for dismantling nuclear power stations, changes to rules governing market operation and security of supplies, 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 Member States and active monitoring of draft European legislation. However, national budget deficits and high levels of indebtedness help to increase this risk.

For reasons of reciprocity, some EU Member States may introduce measures to prohibit companies such as GDF SUEZ and its subsidiaries from participating, under certain conditions, in invitations to tender for the granting of gas or water distribution or local public utility concession contracts.

In France, the law implementing the New Organization of the Electricity Market (NOME) was voted in by Parliament on November 24, 2010. It requires EDF to sell electricity to alternative suppliers under the economic conditions of France's traditional nuclear energy portfolio. The price level for the Regulated Access to Traditional Nuclear Energy (ARENH), set by the government on January 1, 2012 (42 €/MWh) maintains a margin squeeze compared with regulated electricity tariffs, according to the French Energy Regulation Committee (ERC). Development of a truly competitive market will depend on progressive changes in ARENH prices and tariffs to 2015.

The Group tries to anticipate European legislation affecting its businesses and to defend its interests through its presence at EC institutions. It is difficult to predict all regulatory changes in each country. The Group partially limits this risk through diversification, by performing its core activities in different countries with their own individual regulatory systems. Furthermore, some regulatory developments 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 Section 1 of this Registration Document:

- 1.3.1.11 "Regulatory framework" for the Energy France business line;
- 1.3.2 for the Energy Europe & International business line (elements of context provided by country);
- 1.3.3.6 for exploration and production activities;
- 1.3.4.5 for the Infrastructures business line, as well as elements of regulatory context provided for each activity: 1.3.4.7 for storage operations in France; 1.3.4.8 for LNG terminal operations; 1.3.4.9 for distribution activities; 1.3.4.10 for transmission activities;
- 1.3.5.7 "Regulatory framework" for the Energy Services business line.

2.2.3.3 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 regulation. French laws and rules, European regulation and decisions by regulators (in particular, the ERC for decisions on tariffs for access to certain infrastructure) may affect the Group's sales, profits or profitability, in cases where the natural gas sales tariff only partly reflects procurement, infrastructure and commercial costs, or where regulated gas infrastructure access rates only partially reflect costs incurred.

The public service contract signed on December 23, 2009 in France defines the overall framework for setting and changing gas tariffs and supplements Law 2003-8 of January 3, 2003 and Decree 2009-1603 of December 18, 2009. This mechanism improves transparency with regard to conditions for changes in regulated rates and establishes the rules and responsibilities of the various players over the 2010-2013 period. Any delay in implementing the framework is likely to affect the Group's revenues. The government suspended the application of the tariff formula(representing procurement costs) by freezing tariffs for residential premises in July and October 2011. The French regulator ERC, which submitted a report to the government on possible changes in the elements to be taken into account in a new tariff formula, has confirmed the need for an increase in tariffs. GDF SUEZ decided to submit a request to the Council of State for annulment of the tariff freeze of September 29, 2011, based on the case law of the Council, which has led to the annulment of several ministerial orders on grounds of insufficient coverage of costs. A judgment on the merits has not yet been issued.

Moreover, following an application for a summary judgment by the alternative operators, the Council of State invalidated the freeze on gas tariffs for private users in November 2011 by suspending the ministerial order imposing the freeze. A ministerial order was published in the Official Journal of Friday, December 23, 2011, stipulating that, from January 1, 2012, gas tariffs for households would increase by 4.4%. The social gas tariff was also adjusted by 10%.

Any renewed partial freeze on tariffs in 2012 would represent a significant risk in terms of loss of revenues for the Group.

Risks related to administered tariffs also exist in other countries (notably Hungary, Italy, Romania, Slovakia and Mexico) for energy distribution and sale to private or industrial end users.

2.2.3.4 Obtaining and renewing permits and authorizations

To engage in its activities (e.g. in concessions or on Seveso sites), the Group must hold various permits and authorizations from regulatory authorities. Obtaining or renewing permits or authorisations can be a long and costly process.

The Group may face opposition from local residents or associations to the installation and operation of certain facilities (notably operation of nuclear, thermal and renewable power plants, LNG terminals, gas storage facilities, landfill sites, incinerators and waste water treatment plants), claiming that they constitute a nuisance, degrade the countryside or have general environmental impacts. Public reaction makes it harder for the Group to obtain permits and authorizations to build and operate, and may lead to non-renewal of permits and authorizations – in the absence of exclusive rights – or even jeopardize them. The Group may face litigation brought by defense associations or even smear campaigns aimed at delaying or preventing the performance or development of these activities.

The relevant authority could make the conditions attached to the authorizations and permits obtained by the Group more stringent.

Despite various approaches and efforts undertaken on behalf of stakeholders, as described in Section 3.5 ("Societal actions") of this Registration 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 more stringent conditions in obtaining them, these events could have a negative impact on its activity, financial position, earnings and growth prospects.

The Group works to improve communication with local residents, opposing associations and local authorities in order to anticipate reaction as much as possible and to ensure maximum compatibility of its projects with the environment.

2.2.3.5 Country risk

Although the Group's activities are concentrated mainly in Europe and North America, which together account for 88% of consolidated revenues (by country of origin) in 2011, it also operates on worldwide markets, particularly in emerging countries such as Brazil, Chile, Thailand and Peru. A significant share of gas supplies and exploration-production business comes from countries such as Russia, Algeria, Egypt, Libya and Yemen.

The Group's activities in these countries, as well as in Europe, entail a certain number of potential risks, particularly in the areas of GDP volatility, economic and governmental instability, changes to and/or imperfect application of regulations, nationalization or expropriation of privately-owned assets, payment difficulties, social unrest, corruption, human rights violations, major interest rate and foreign exchange fluctuations (rampant or severe devaluation), taxes by governments and local authorities, foreign exchange control measures and other unfavorable interventions or restrictions imposed by governments. In addition, the Group might be unable to defend its rights before the courts in these countries in the event of a dispute with the government or local public entities.

The Group manages these risks through partnerships or contractual negotiations adapted to each location. It chooses its locations in emerging countries by applying a selective strategy based on in-depth analysis of country risks. Whenever possible, the Group protects its interests by way of international arbitration clauses and political risks insurance.

2.2.4 CLIMATIC UNCERTAINTY

In the energy sector, significant changes in weather (mainly in temperature, but also in waterfall conditions [1] and wind) from one year to the next can cause substantial fluctuations in the electricity and gas supply-demand balance: for example, the energy supply is tighter during periods of low waterfall and less restricted in the contrary case; demand is lower in warmer years. These factors, which combine price and volume impacts, have a direct effect on the Group's income.

Finally, the generally increasing mildness in climate is reducing energy requirements for the heating of residential homes and public and tertiary-sector buildings.

Although the Group cannot protect itself against fluctuations in demand, it is able to modulate its gas purchases and rationalize its electricity production, which enables it to adapt its production and sourcing costs to the maximum (see Section 2.3.1 - "Purchasing").

2.3 OPERATING RISKS

2.3.1 PURCHASING

2.3.1.1 Long-term gas procurement contracts

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 partially according to 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 "take-or-pay" contracts. Regular price revision mechanisms included in long-term contracts guarantee competitive gas prices to the buyer on the final market.

Most long-term purchase contracts are indexed to the oil products price indices. With the emergence of a gas marketplace, spot gas prices have changed independently of fuel prices, inducing a lack of correlation between the two. Negotiations in recent years have allowed for market indices to be taken into account in long-term contracts and/or the differential between the contract price and marketplace price to be reduced. They have also led to increased frequency of price revisions. However, a long term situation in which the gas price on the markets remains lower than fuel-indexed contract prices could have a significant impact on Group performance if the negotiation process for long-term contracts does not enable satisfactory rebalancing.

2.3.1.2 Electricity prices

The Group is mainly a producer of electricity, but may have to purchase on the markets to supplement, in a timely fashion, the resources it needs for delivery to its customers. Recent decisions by some Member States to shut down certain nuclear power plants either immediately, or in the longer term, and the growing debate in other States on reducing the share of nuclear power in their energy mix, could lead to volatility in electricity prices and scarcity of supply, which could have an impact on Group earnings.

2.3.1.3 Dependence on a limited number of suppliers

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 alternative location could be substantially higher and would affect the Group's

(1) *Water reserve contained in dams, dependent on rainfall.*

margins, at least over the short term. To control this risk, the Group has a number of tools for flexibility and modulation (flexibility in long-term contracts, substantial storage and regasification capacity and purchasing on the marketplace).

Similarly, 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 various fuels, materials 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 supply, 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 harm the profitability of a project, despite the existence of protective contractual provisions.

The variety of the Group's businesses and their diverse geographical locations allows for the sharing of risks and provides partial protection against the risk of failure of a major supplier.

2.3.2 REGULATED MARKET SALES

Whether in the energy or the environmental sector, some of the Group's subsidiaries have signed contracts, particularly with public authorities, whose execution may depend on just a few customers, or even a single customer. Moreover, these are often long-term contracts, which may run for up to 30 years or more. This can be the case, for example, for certain water concession agreements or certain electricity production or sales activities with medium and long-term purchase agreements ("power purchase agreements").

Refusal or inability on the part of a customer to meet its long-term contractual commitments, particularly in terms 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 variety of the Group's businesses and their diverse geographical locations expose the Group to a broad range of situations and customers (industrial, local government and individual consumers). The Group believes that it has not engaged in any single customer relationship for which termination would have a significant impact on the Group's financial position and earnings.

2.3.3 DEVELOPMENT AND GROWTH

2.3.3.1 Risks affecting external growth operations

External growth, notably by means of acquisitions, could lead the Group to issue equity securities, borrow or make provisions for asset impairment. Acquisitions also present risks related to integration difficulties, failure to achieve expected benefits and synergies, insufficient involvement of managers of acquired companies and departure of key employees. Moreover, with regard to joint ventures in which it has an equity investment, the Group may find itself in a conflict of interests or conflict of strategy with its partners, which, in some cases, hold the majority interest in these ventures. Risks related to the valuation of assets or liabilities or non-achievement of expected results could arise once the acquisition has taken place.

The acquisition processes implemented by the Group, particularly during due diligence, aim to assess to the greatest possible extent the uncertainties bearing on the various risks. The resulting appraisal depends on the quality of the information transmitted to the Group and is limited by the judicial and regulatory framework applicable under local corporate law.

2.3.3.2 Risks affecting organic growth transactions and major projects

The Group bases its growth on various major industrial asset construction projects, such as gas and electricity plants, dams, waste treatment or seawater desalination facilities. The profitability of these assets – whose service life is several decades – depends greatly on controlling costs and construction schedules, the operational performance of each of the parties in the project, external phenomena (e.g. natural disasters or strikes), regulatory and fiscal changes and changes in the long-term competitive environment, which could reduce the profitability of certain assets or result in reduced revenues and asset impairment.

The Group has notably established operational monitoring of projects and guidance of the project portfolio at Group level, which provides the warnings needed to launch corrective action.

2.3.3.3 Risk relating to the continuation of nuclear activities

The international climate, which, after the Fukushima accident, is generally turning against civil nuclear power in certain countries (particularly in Europe), affects the rate of development of nuclear projects.

The accident has prompted countries operating nuclear plants to issue statements on whether this electricity production solution will be maintained in the longer term. Germany and Switzerland plan to shut down their nuclear plants. Italy has abandoned its plans to roll out nuclear power. The debate is ongoing in France and the US. Other European countries maintain plans to expand this form of energy generation, including the Netherlands and Poland, where the Group is considering operations, and the UK, where it already has a project. Finally, some countries outside Europe are increasing their autonomy and building substantial nuclear capacity (such as China, India and Brazil), while others say they are ready to initiate programs (including Turkey, Saudi Arabia, and Thailand). A particular focus is being placed on the selection of opportunities in countries that are less subject to political uncertainty and reducing associated and financial risks through partnerships with local or international electricity groups.

In particular, the agreement signed on October 22, 2009 between the Belgian government and GDF SUEZ expressly stipulates that the Belgian government will overturn previous legal provisions adopted in January 2003 for the progressive withdrawal from the use of nuclear power for electricity production for the three oldest units (Doel 1 and 2 and Tihange 1). The operational life of these plants is to be extended by 10 years, until 2025, rather than 2015. The extension was conditional upon the outcome of an in-depth analysis by the safety authority into aspects of the design and aging of circuits, systems and equipment.

However, the new Belgian government, which was created at the end of 2011, has "confirmed" in its government statement and in its general policy note, submitted to the Belgian Chamber of Representatives on January 5, 2012, that it intends to confirm the law on withdrawal from nuclear power after 40 years of operation, although it did not provide a precise timetable for withdrawal. The Secretary of State of Energy will have to draw up a plan in 2012 for the creation of new diversified energy production capacity that will credibly guarantee the country's electricity supplies in the short, medium and long term. Definitive dates for shutting down the nuclear power plants will depend on this plan.

The impact of feedback from Fukushima on the cost of building future Generation 3 and 3+ reactors seems *low a priori* since their design already takes account of the prevention and management of serious accidents, as well as the possibility of degraded environments such as total loss of electricity supplies or cooling sources.

The current depressed economic situation has led to lower electricity demand and financing difficulties. The competitiveness of nuclear projects in the short and medium term will therefore have to be reviewed. GDF SUEZ has carried out an objective analysis of nuclear by comparison with other production sources, based on updated figures available within the Group and on feedback from projects in progress conducted by competitors. In the longer term, the fundamentals are in place: energy will become more and more expensive, and nuclear seems to have a place in a competitive and low-CO_2 emitting energy mix.

The Group has established "nuclear" governance principles for the development, construction, operation and decommissioning of nuclear power plants based on its experience as a plant operator. It has announced that it will review its nuclear policy in 2012. For its various nuclear projects it is currently in a pre-development phase, during which its immediate financial exposure is not significant.

2.3.3.4 Risks of termination of 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 to be paid in order to reduce exposure in terms of capital employed, but this is managed contractually on a case-by-case basis.

However, any change in the project, in the economic situation, in a partner's strategy or even in the local political and economic context may, in certain circumstances, 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 decide to increase its financial commitments in certain projects or, in the case of a dispute with the partner or partners, to seek solutions before competent courts or arbitration bodies.

2.3.3.5 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 of some projects, in particular through specialized subsidiaries such as Tractebel Engineering and Degrémont.

Although these projects are always subject to in-depth studies and the Group has acknowledged expertise, construction deadlines may not always be met and penalties may therefore 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 civil liability professional indemnity or criminal liability. Such events could have a negative impact on its image, financial position, earnings and outlook. For some big projects, the use of Engineering, Procurement Construction (EPC) contracts leads the Group to share construction risks.

However, the design, equipment purchase and construction activities are to a large extent sub-contracted to global or regional suppliers through EPC (Engineering, Procurement, Construction) contracts, in order to benefit, at least in part, from compensation should an above-mentioned riskoccur.

2.3.4 LEGAL RISKS

The Group faces legal risks in all its businesses and on global markets. The risks arising from the legal and regulatory framework, from operations, from partnerships and from contracts signed with customers and suppliers are mentioned in the respective sections of this Section 2.

In the course of its operations, the Group is engaged in a certain number of legal disputes and arbitration procedures, and is also subject to investigations and procedures under competition law. The principal investigations and procedures are described in Note 26 in Chapter 6.2 - "Consolidated financial statements" and updated at the date of deposit of the Registration Document in Section 7.2.

Apart from the procedures described in Note 26 in Section 6.2 - "Consolidated financial statements" and updated at the date of deposit of the Registration Document in Section 7.2, to the best of the Company's knowledge, no other governmental, legal or arbitration procedure (including a suspended or threatened procedure [(1)]) exists that is likely to have, or has had, significant effects on the financial position or profitability of the Company and/or Group in the past 12 months.

2.3.5 ETHICAL RISKS

GDF SUEZ's ambition is to act, everywhere and under all circumstances, in accordance with its values and commitments and observing applicable laws and regulations. Any event or behavior that might fail to comply with this principle exposes the Group to an ethical risk.

Every year, as part of the Group's risk management policy, the Ethics and Compliance Division reviews ethical risks for inclusion in the Group's risk review.

The ethical risks are also presented every year to the Ethics, Environment and Sustainable Development Committee of the Board of Directors (see Section 3.2.2 - "Management of sustainable development").

(1) This term means investigations or controls that have begun.

2.3.6 RISKS RELATED TO HUMAN RESOURCES

2.3.6.1 Expertise

The Group conducts its activities across a broad spectrum of businesses that call for a wide variety of skills. The ageing of the population affects the Group in general and specifically affects several of its areas of technical expertise. Major skills renewal will be necessary in the coming years. The Group is developing its attractiveness through remuneration and motivation measures that aim to make GDF SUEZ a benchmark employer.

An agreement negotiated at European level covering early anticipation of career and skills management will enable the Group to predict changes in its businesses and invest in the employability of its personnel. The aim is to achieve a good visibility of the workforce numbers needed per broad job group, while setting out attractive career paths for employees.

The Group's international growth and the consequences of this in terms of changes to its businesses require new expertise and considerable personnel mobility. To ensure that the right skills are in the right place at the right time, there is a strong focus on mobility between entities and between businesses. The group places special emphasis on international career development.

2.3.6.2 Social dialogue

The Group's development and frequent organizational changes can mean that consultation and negotiation no longer play their part in governing employment relations. Should negotiation processes cease to operate, the social climate of the company could deteriorate and affect the Group's image both outside and in-house, notably reducing motivation and employee confidence.

GDF SUEZ engages in dialogue with the two staff representative bodies set up in 2009-the European Works Council and the French Group Works Council-to discuss changes involving the Group with its social partners in these bodies. Industrial dialogue has played a vital role in carrying out organizational changes, such as the integration of International Power and the GRTgaz and E&P initial public offerings.

The staff representative bodies have a broad field of intervention: early management of jobs and expertise, mobility, policy for the over-50s, the Collective Pension Savings Scheme (PERCO) and the prevention of psychosocial risks. This framework for consultation and negotiation means that social partners are involved at the earliest possible moment in the strategic and industrial objectives pursued by GDF SUEZ.

2.3.7 RISKS RELATED TO HEALTH AND SAFETY AND PROTECTION OF CORPORATE ASSETS

2.3.7.1 Health and safety at work

GDF SUEZ is firmly committed to reducing workplace accidents and has registered a downward trend in accident rates in recent years. A 2010-2012 Action Plan with objectives to 2015 has therefore been drawn up. Rules on temporary employees, management of subcontractors, the inclusion of health and safety in manager appraisals and management of accidents and incidents have been validated and disseminated (see Section 3.3.7 "Health and safety policy").

Addressing the risk of death at the workplace is part of the overall system for controlling the risk of occupational accidents. Specific 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]).

A health crisis of major proportions (such as a flu pandemic) could have consequences for the health of employees, subcontractors and suppliers, and could affect the continuity of the services provided by the Group. The 2009 flu pandemic, which had limited impact, gave the Group an opportunity to update plans for handling this risk and limiting its impact.

2.3.7.2 Employee safety

Some countries remain dangerous due to persistent threats (e.g. terrorism, armed conflicts or criminal organizations). For example, the Group has to take specific preventative measures off the coast of Somalia to transport LNG and combat piracy. More recently, the "Arab Spring" has necessitated the establishment of crisis units within the Group to ensure the safety of staff who are carrying out missions abroad or expatriated. Employee safety is the responsibility of the Safety Department, which carries out continuous country monitoring, using an internal network of correspondents and external service providers specializing in health and safety. The Safety Department also works in tight collaboration with local and national authorities.

2.3.7.3 Protection of tangible and intangible corporate assets

The Group's sites and industrial or tertiary facilities, which constitute its tangible corporate assets, may be exposed to various malicious acts for very diverse reasons (e.g. crime, terrorism, industrial espionage). Information, whether digital, physical or even verbal in form, constitutes the Group's intangible corporate assets and may also be exposed to the same potential malicious acts.

To reduce this type of risk, the Group has established a policy for the protection of tangible and intangible corporate assets. This policy requires the entities to implemented proven risk reduction solutions in technical (digital), legal, managerial and organizational areas. Sensitive sites where tangible corporate assets are located are subject to protective measures against potential malicious acts, based on the individual requirements of the site. The Group is continuing to invest in the protection of its intangible corporate assets, in order to prevent any internal or external action aimed at capturing sensitive information and to deal with any incidents or accidents detected.

The Information Security Committee, chaired by the Secretary General, coordinates and controls at a strategic level all actions by the Group aimed at protecting its intangible assets.

2.3.8 RISKS RELATED TO INFORMATION SYSTEMS

The Group's activities and processes increasingly rely more on Information Systems (IS). Their failure could result in information losses or leaks, delays and extra costs that represent a risk for the Group's strategy or image.

The introduction of new technologies (e.g. Cloud Computing, Bring Your Own Device) and the development of new uses (e.g. social networking) exposes the Group to new threats. The cyber attacks and hacking attempts to which companies may fall victim are increasingly targeted and carried out by true specialists.

Moreover, increased risks relating to industrial IS are taken into consideration, the main reason being the migration of industrial IT environments, notably Supervisory Control and Data Acquisition systems (SCADA), towards environments such as Windows. The Stuxnet virus has also highlighted the importance of security in industrial IS, which are often of critical importance (e.g. for nuclear power plants).

Information security managers at GDF SUEZ are linked to the Group's internal control policy and govern security in a cycle of continuous improvement adapted to the diversity of its businesses. These risks are subject to relevant functional, technical and legal security measures, and to follow-up on the implementation of action plans.

2.4 INDUSTRIAL SAFETY

The areas of activity in which the Group operates entail major industrial risks capable of causing damage to persons and property (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 (industrial clients or local authorities). The industrial safety of the facilities that the Group operates remains one of its major concerns. The handling of these risks is subject to in-depth monitoring and targeted investments.

2.4.1 INDUSTRIAL ACCIDENTS

The Group manages its industrial activities within a regulatory framework that includes safety rules for the operation of infrastructure or for providing services. However, the sustained vigilance deployed 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 or material and financial losses or create significant liability.

Risks exist in relation to operating gas transmission, 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, as well as services provided in an industrial environment. These risks can lead to industrial accidents or non-availability, caused by operating incidents, design flaws or external events beyond the Group's control (including third-party actions and natural disasters). These incidents can cause injuries, loss of life or major property or environmental damage, as well as activity interruptions and operating losses.

These industrial 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 addressing 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 40 sites or subsidiaries annually, across all business lines, and is audited regularly. Industrial accident risks have also been included in the Group's internal control program.

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 damages incurred, lost revenues and increased expenses (see Section 2.1.4 "Risk and insurance coverage").

2.4.2 ENVIRONMENTAL POLLUTION

Facilities that the Group owns or manages on behalf of third parties entail risks of damage to the natural environment (air, water, soil, the habitat and biodiversity), and may pose health risks to consumers, neighboring residents, employees and subcontractors.

In the course of its operations, the Group handles and even generates hazardous products and byproducts. 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 toxic or infectious.

Depending on the activity, gas emissions and atmospheric pollutants to be considered are greenhouse gases, gases that stimulate air acidification, toxic gases (including chlorine), dust and micro-organisms (including Legionnaires' disease bacteria).

In the absence of adequate facilities management, the Group's activities could have an impact on the water present in the natural environment: leaching from poorly controlled landfill facilities, diffusion of heavy metals into the environment or watery waste from incineration facility smoke processing systems. These various emissions could pollute water tables or waterways. The risks of soil pollution in cases of accidental spills relate to the storage of hazardous products or liquids, leaks in processes involving hazardous liquids, and the storage or use of waste water sludge as fertilizer.

These health and environmental risks are governed by strict national and international regulations and are subject to regular inspections by Group staff, external auditors and public officials, both for older facilities (such as closed landfills or decommissioned gas plants) as well as sites currently in operation.

Various mechanisms are deployed to ensure control of the above-mentioned risks. The legislation and contracts governing the Group's activities set out the division of responsibilities between the different parties in terms of risk management and financial liabilities. Failure to comply with environmental 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 held liable due to environmental or industrial risks, this liability could have a significant negative impact on its image, business, financial position, earnings and outlook and could lead to it being held liable as a legal entity.

2.4.3 SEVESO AND EQUIVALENT SITES

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.

For each facility of this type, the Group has defined and implemented a safety management system that complies with European Directive 96/82/EC [1] ("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 gas storage in Romania and for the thermal plant in Dunamenti in Hungary;
- Institut Bauen und Umwelt e.v. for the polluted soil treatment plant at Herne in Germany.

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. To this end, the Group conducts periodic inspections and audit and control missions to ensure that these obligations are fully complied with.

Third-party civil liability risks resulting from the operation of Seveso or equivalent sites are covered by the Group's general insurance program for civil liability (see Section 2.1.4 Risk and insurance coverage).

The Group believes that no reasonably-foreseeable cost or commitment regarding the points mentioned above will have significant repercussions on its consolidated financial position, cash flow and earnings. However, such costs or commitments could have adverse consequences for the Group in the long term.

2.4.4 NUCLEAR POWER PLANTS IN BELGIUM

The Group owns and operates seven pressurized water reactors located at two nuclear electricity production sites, Doel and Tihange, in Belgium. Although these sites have operated since 1974 without any major nuclear safety incidents presenting danger to employees, subcontractors, the general population or the environment, this type of activity could entail civil liability risks for the Group, in particular should there be a nuclear accident or an incident where large quantities of radioactive particles are discharged into the environment.

All persons working at these nuclear power plants have qualifications appropriate for their positions. For example, control room operators in nuclear plants hold special certifications obtained upon completing a theoretical and practical training program, including exercises on a simulator. During operations, compliance with safety rules and conditions at the facilities are subject to inspection by a government agency responsible for nuclear safety (AFCN), assisted by Bel-V, its technical support subsidiary.

(1) Directive 96/82/EC ("Seveso II") as amended by EC Regulation 1882/2003 and Directive 2003/105/EC.

To maintain a high level of safety, nuclear plant operators share experiences and submit to audits by the World Association of Nuclear Operators (WANO), at their own request, or the International Atomic Energy Agency (IAEA), at the request of the nuclear safety authority. 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 at the Tihange plant and was confirmed by a follow-up audit in late 2008. Its scores were among the highest internationally. The Doel plant underwent a similar audit in March 2010 with an excellent result. The implementation of recommendations and corrective actions following the Doel OSART audit were assessed positively during a follow-up audit in the beginning of March 2012. These assessments, made by an independent international authority, confirm the maturity of the Group's nuclear safety and the priority given to safety at its nuclear plants. In addition, these two nuclear sites are OHSAS 18001, ISO 14001 and EMAS-certified.

GDF SUEZ has continuously aimed to increased security levels at its plants, taking into account any incidents occurring at operational nuclear plants worldwide. Following the nuclear accident at the Fukushima plant in Japan in March 2011, stress tests were carried out on European nuclear plants at the request of the European Commission. For the Group, the Belgian Stress Test (BEST) comprised a targeted reassessment of the safety margins of the Belgian nuclear plants, taking account of extreme natural phenomena (e.g. earthquake and flooding) and human-caused aggression (e.g. airplane crash, terrorist attacks and cyber attacks). The Belgian Federal Agency for Nuclear Control confirmed in its report of November 8, 2011 that Electrabel complied with the stress test specifications and that its safety level was adequate. Its final report, which was published at the end of 2011, nevertheless stipulated that some safety measures should be strengthened to take account of more severe natural disasters. Although the Group has always complied with the highest nuclear safety standards, the safety authority could introduce new standards in the future that might generate extra costs for the Group.

The Group regularly reduces its discharges of radioactive liquid and gaseous effluents, while controlling the volume of low and medium radioactive waste produced during operations. In Belgium, all nuclear waste management is the responsibility of the National Agency for Radioactive Waste and Enriched Fissile Material (ONDRAF). Spent nuclear fuel is stored at electricity production sites pending a political decision on the fuel cycle downstream process. 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 Section 6.2 of this Registration Document).

2.4.5 HYDROCARBON EXPLORATION-PRODUCTION ACTIVITIES

Geological risks related to the subsoil and the nature of hydrocarbons and the risks of a major industrial accident (hydrocarbon leak, fire, explosion, loss of control of a well) are among the highest risks presented by exploration-production activity. To reduce their impact, the Group carries out its activities as part of consortia in which it can act as an operator or just a partner. The Group is careful to team up with companies that are known for their expertise, rules and high level of commitment to safety and accident prevention. The Group also insures its facilities against structural damage, loss of production and civil liability lawsuits, including pollution, in accordance with best practice in this industry.

2.5 FINANCIAL RISKS

The section below describes the financial risks to which the Group is exposed:

2.5.1 COMMODITIES MARKET RISK

The Group is principally exposed to two types of commodities market risk inherent to its business: price risks related directly to fluctuating market prices and volume risks (weather-related and/or dependent on economic activity).

The Group is exposed to commodities market risks as part of its everyday business, specifically gas, electricity, coal, oil and oil products, other fuels, CO_2 and other green assets.

The Group trades on the energy markets, either for supply purposes, or to optimize and secure its energy production and selling chain, by means of current transactions (spot or forward). The Group also relies on derivative products linked to energy in order to provide its customers with hedging instruments and to hedge its own positions.

Most of its electricity production activity outside Europe is secured in the form of long-term power purchase agreements (PPA), often with local authorities, in which variations in operating expenses, in particular fuels, are transferred as pass through into electricity sale prices. This greatly limits exposure to price fluctuation risks, even if the transfer is imperfect in some contracts.

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-production activities are covered by a hedging policy, combining the objective of being reasonably capable of stabilizing income with the opportunity to benefit from potential rises in oil and gas prices, while including the taxation impacts caused by price fluctuations. The gas supply business follows a hedging policy aiming to balance competitiveness and stability of supply costs, while incorporating as far as possible the uncertainties caused by climatic fluctuations and the results expected from price reviews and renegotiations. As for marketing activities, since they are not intended to bear this type of risk, they are required to either hedge or transfer them internally.

With the exception of trading activities, market risks are assessed by means of their impact on EBITDA. Accordingly, the main risk indicators for managing the energy portfolio include sensitivity to unit price changes, the EBITDA at Risk, portfolio hedging ratios and stress tests based on predefined unfavorable scenarios. For trading activities, and in accordance with market standards, the risk indicators include sensitivities, Value at Risk (VaR) and stress tests (see Note 15.1.1 in Section 6.2).

With regard to trading activities, the Group has reorganized its European activities into GDF SUEZ Trading, which is regulated by the Prudential Control Authority, enabling it to strengthen risk control measures for all its European trading activities.

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).

2.5.2 COUNTERPARTY RISK

The Group's financial and operational activities are exposed to insolvency risks when its counterparties (customers, suppliers, partners, intermediaries and banks) are unable to honor their contractual obligations. This risk results from the combination of payment risk (non-payment for 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 (MtM) exposure corresponding to replacement under terms different from those originally established). Given the difficult economic environment, the Group has pursued diversification in financial counterparties, which has allowed it to reduce its exposure to certain European banks that may carry sovereign debt.

The risks are managed using standard mechanisms such as third-party guarantees, "netting" agreements and margin calls or by the use of dedicated hedging instruments. Operational activities may also involve prepayments or suitable recovery procedures (especially for retail customers).

To the extent that all the business lines and the Finance Department bear counterparty risk, sometimes on the same counterparties, the GDF SUEZ Group has defined a policy that delegates the management of these risks to the business lines, while still permitting the Group to maintain control over exposure regarding the largest counterparties.

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 also include the control of counterparty risks. The EMRC assigns limits regarding the main common counterparties and determines the desired exposure levels, as necessary.

2.5.3 CURRENCY 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 broken down into (i) transactional risk related to current operations, (ii) specific transactional risk related to investment or merger-acquisition projects and (iii) translational risk, related to consolidation in euros of the subsidiaries' accounts where the accounting currency is different. This risk is concentrated in dollar-denominated equity investments (in the United States and on assets considered on a dollarized basis), as well as equity investments in Brazil, Thailand, Poland, Norway, the United Kingdom and Australia.

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. Specific transactional risk is subject to a case-by-case hedging strategy incorporated in the examination of investment matters. Finally, risk related to the consolidation of financial statements is subject to a dynamic hedging strategy aimed at protecting the Group's corporate assets by taking foreign currency levels and euro interest rate differentials into account. With this in view, the Group relies primarily on foreign currency debt and exchange rate derivatives (see Note 15.1.3 in Section 6.2).

With respect to 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. Finally, consolidation-related risk is hedged on the basis of a hedging plan per currency, prepared by the Finance Department management, based on the corporate assets that the Group wishes to protect.

Also see Section 6.2-Note 15.1.3 (Currency risk) for a complete presentation of foreign exchange risks.

2.5.4 INTEREST RATE RISK

As at December 31, 2011, after accounting for financial instruments, approximately 59% of the Group's gross debt was fixed rate and 41% was variable or capped variable rate. Since nearly all the Group's surplus is invested on a short-term basis, as at December 31, 2011, 88% of net debt was fixed rate and 12% 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, with this in view, 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 distribution may change around the balance point according to the market situation.

To manage the interest rate structure for its net debt, the Group uses hedging instruments, primarily rate swaps and options. As at December 31, 2011, 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 2011 fiscal year, almost all of the euro, US dollar and pound sterling hedge options are currently inactive. This was the case in 2010 when, given the very sharp drop in long-term euro and US dollar interest rates, the Group increased the fixed rate hedging ratio and increased the maturity of its hedges to lock in these attractive rates over the medium term.

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 €114 million. A 1% decrease in short-term interest rates would reduce net interest expense by €139 million. The asymmetrical impacts are attributable to the effect of the interest rate options portfolio and 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 €252 million in the income statement attributable to the change in the fair value of undocumented derivatives or derivatives designated as net investment hedges. Conversely, a 1% drop in interest rates would generate an unrealized loss of €368 million. The asymmetrical impacts relate to 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 €439 million associated with the change in the fair value of documented cash flow hedging derivatives and net investment hedges recognized in the balance sheet.

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.

2.5.5 LIQUIDITY RISK

In its everyday 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 (WCR), the Group also faces those associated with the margin calls required by certain market activities.

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 available credit facilities totaled €15.1 billion at December 31, 2011; 77% of these credit lines are under centralized management. None of these centralized facilities contains a default clause linked to financial covenants or minimum credit ratings. No centralized credit facility was in use at the end of 2011.

At December 31, 2011, bank loans accounted for 35.2% of gross debt (excluding bank overdrafts, amortized costs and the impact of derivatives), the remaining debt being mainly raised on the capital markets (including €28.7 billion in bonds, representing 53.8% of gross debt).

Cash, including cash and cash equivalents, qualifying financial assets designated at fair value through income, net of bank overdrafts, totaled €15.9 billion at December 31, 2011.

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between the banking market and the capital markets;
- achieving a balanced debt repayment profile.

The GDF SUEZ Group pools nearly all of the cash flow requirements and surpluses of the Group's subsidiaries, as well as most of their medium- and long-term external financing requirements. 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 treasury notes in France and Belgium and commercial paper in the United States.

The balance of short-term paper issues (treasury notes and commercial paper) represented 7.7% of gross debt and totaled €4.1 billion on December 31, 2011 (see Note 14.2.1 in Section 6.2). 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 dries up.

Since the 2008 financial crisis and the increased counterparty risk that followed, the Group has adjusted its investment policy, with an objective of extreme liquidity and protection of invested capital (on December 31, 2011, 83.4% of centralized 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 strength of the counterparties concerned.

2.5.6 IMPAIRMENT RISK

Assumptions and estimates are created to calculate the recoverable value of goodwill and tangible and intangible fixed assets, with particular reference to market outlook, which is more sensitive for certain operations. These assumptions and estimates are needed to assess cash flows and the discount rate to apply. Any change in these assumptions could have a significant effect on the amount of the recoverable value and could lead to changes in the impairment to be recognized (see Note 1.4.1.2 in Section 6.2).

2.5.7 STOCK PRICE RISK

As of December 31, 2011, the Group holds a number of equity interests in listed companies (see Note 14.1 in Section 6.2), the value of which fluctuates on the basis of trends in the world stock markets.

A decline of 10% in the stock market price of these listed securities would have a negative impact of about €113 million on the Group's overall income. The Group estimates that one objective impairment indicator for listed securities is when the value of any such security falls substantially or remains below its historical cost for an extended period.

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.

2.5.8 TAX RISK

Any change in tax regulation or case law relating to the application of tax rules may have an impact on the Group's earnings (see Section 26.1 of Section 6.2).

2.5.9 PENSION FUNDING RISK

A significant portion of pensions commitments and the assets associated with these plans are concentrated in France and Belgium. Other defined-benefit pension plans are mainly located in Europe, Brazil, the United States and Australia.

In recent years the Group has terminated a number of defined-benefit plans and replaced them with defined-contribution plans. The defined-benefit plans still in operation notably include, in France, the special electricity and gas industry (EGI) plan, which is a statutory plan.

Note 18 to the consolidated financial statements details the items evaluated and recognized.

Calculation of the Group's actuarial debt is based on actuarial assumptions that may vary from country to country and that include discount rates, salary increase rates and data relating to life expectancy. The use of methods, assumptions and models to assess liabilities or determine asset allocations and associated risks could have a significant impact on hedging levels and financing requirements.

In France, commitments within the scope of the EGI are estimated using actuarial assumptions and rules respectively governing benefits paid out by plans operating under ordinary law and amounts that remain the Group's responsibility. These assumptions and rules may be subject to changes that increase the Group's commitments and therefore require an increase in the relevant provisions.

Substantial commitments exist in the form of other post-employment benefits and other long-term benefits, in addition to pension liabilities. These mainly comprise energy-related benefits provided to retired employees.

Hedging levels and financing requirements for the Group's pension plans vary according to the performance of financial markets and asset allocations, as well as interest and inflation rates and changes in the applicable legal and regulatory framework.

In the case of some defined-benefit plans, GDF SUEZ may be required to finance any difference between the market value of these assets and the hedging levels projected for these plans in a given period (not applicable within the scope of the EGI).

3

Social and environmental information, corporate social commitments

3.1 ETHICS AND COMPLIANCE

The GDF SUEZ' ethics policy adopted in 2009 defined its ambition 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 adopting methods for measuring compliance with this commitment.

The Group's ethical commitments are described in:

- the Ethics Charter, which sets forth ethical principles and the ethics governance system; and
- the "Ethics in Practice" guidelines, which describe the methods for implementing ethics in business situations on a daily basis.

The Integrity Referential, which is the foundation of the Group's program on preventing and responding to fraud and corruption, has been distributed to the Group's managers and experts. A summary of the Referential has also been sent to employees by email.

In 2011, International Power (IPR) aligned itself with the Group's ethical standards, adopting an ethics charter based on the principles of the GDF SUEZ' Ethics Charter and appointing ethics officers.

3.1.1 MANAGERIAL GUIDANCE SYSTEM

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's Executive and Group Ethics Officer. GDF SUEZ top executives have primary responsibility for the implementation of ethical practices. However, ethics and compliance-related responsibilities are defined at all levels of management line.

The Ethics Officer Steering Committee, made up of Ethics and Compliance Division managers and business line ethics officers, promotes and oversees the achievement of Ethics Action Plans and confirms the operational feasibility of the measures proposed.

The Compliance Committee, chaired by the Group Ethics Officer, promotes and oversees implementation of compliance procedures. It keeps abreast of ethical issues and ensures that appropriate measures are taken. The Compliance Committee reports to the corporate governance and Executive Management regarding implementation and oversight of the GDF SUEZ ethics program.

3.1.2 ORGANIZATION AND STRUCTURES

Within the General Secretariat, 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 operational business lines and functional divisions. It also organizes internal and external reporting on these matters. It works very closely with the Group's departments, particularly Audit, Risk, Internal Control, Legal and Human Resources. A Compliance email system, which has been declared to the CNIL (French privacy watchdog), is available for all employees that can flag up any ethics-related problems.

The Ethics and Compliance Division also coordinates a worldwide network of more than 170 ethics officers, who are responsible for promoting these objectives within their entities. It proposes a wide range of training modules: business ethics (13 sessions in 2011), business and human rights (three sessions in 2011), cross-cutting managerial responsibilities including ethics (three sessions in 2011), understanding and anticipating the risk of fraud and corruption (pilot session at the end of 2011) and e-learning (more than 580 connections).

An intranet website for managers and ethics officers gives access to the necessary media for communication of the ethics rules and includes the charter and guidelines in 20 languages, referentials, procedures, and educational presentations allowing appropriation of the principles.

3.1.3 COMPLIANCE MANAGEMENT

The ethical risks managed by the Ethics and Compliance Division are part of in the Group's risk review. GDF SUEZ has implemented an ethics incident reporting procedure INFORM'ethics, which has been deployed in the businesses lines and BUs in the following six areas: accounting and financial integrity, conflicts of interest, social responsibility and human rights, business ethics, confidential information and protection of intangible property. The reporting tool has been declared to the CNIL.

An annual compliance procedure and a dashboard of 14 indicators allows for monitoring the implementation of the Group's ethics policy at the entities level. The ethics oficers prepare a report on the progress in ethical organization made by their respective entities, submitting this, together with a compliance letter from the entity's manager, to the CEO via the business line ethics officers. Based on these reports, the Group Ethics Officer prepares the GDF SUEZ annual compliance report structured in 4 topics:

- distribution and sponsorship by management of group ethics principles;
- incorporating ethics into management cultural benchmark;
- management of ethical risks;
- compliance management.

3.2 SUSTAINABLE DEVELOPMENT

Sustainable development is an integral part of GDF SUEZ's vision as a large group that, through the services it provides, seeks to contribute to global development that is "sustainable", i.e. which benefits the greatest number and limits the exploitation of resources. To this end, the Group develops partnership approaches aimed at taking into account the expectations of civil society through listening, dialogue and commitment to issues that have been jointly chosen.

In micro-economic terms, sustainable development is seen as the combination of sustainable business and the management of non-financial risks. Sustainable business involves identifying environmental and social issues and transforming them into opportunities. The management of non-financial risks covers a broad range of areas, including environmental protection, the local and international acceptability of business activities, health and safety, HR management and ethics. Because new products and processes have been developed that are adapted to the challenges of sustainable society in general, and because non-financial processes are being managed with increasing efficiency and effectiveness, sustainable development is contributing to the global value creation of the company.

In this sense, sustainable development is an integral part of Group strategy and is particularly relevant in creating the medium-term business plan and assessing the investment projects presented to the Group Commitments Committee. The Sustainable Development Department is part of the Group's Strategy and Sustainable Development Division.

From a governance perspective, GDF SUEZ is unusual in that it has an Ethics, Environment and Sustainable Development Committee among the five committees of the Board of Directors. The principal task of this committee is to issue recommendations on the Group's sustainable development strategy.

Using the ISO 26,000 standard, the guidelines for multinational enterprises of the OECD, the principles of the Global Compact and the Global Reporting Initiative as a basis, GDF SUEZ has formalized its sustainable development commitments, mainly through the publication of 10 dated and quantified objectives in 2011 and by implementing its policy Group-wide since 2009.

3.2.1 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 activities (water, energy and waste management) so that it can become quickly a benchmark for sustainable development. This goal addresses three key areas:

- innovating for development and anticipating changes in energy, water and waste management markets;
- ensuring continuity and local acceptability of our operations;
- enhancing GDF SUEZ's attractiveness, effectiveness and cultural cohesion.

GDF SUEZ's sustainable development policy is described in full in the Group Sustainable Development Report.

3.2.2 MANAGEMENT OF SUSTAINABLE DEVELOPMENT

The Sustainable Development Department aims to integrate the sustainable development strategy into GDF SUEZ's strategy, and is responsible for managing activities relating to the Group's social and environmental responsibility. It reports on non-financial performance and organizes communication on sustainable development themes.

This is done through governance systems, a dedicated organization, management procedures and reporting tools, all within a process that seeks to continuously improve the Group's approach.

Governance

- Sustainable development governance is organized around principles and an oversight structure composed of bodies initiated at the highest corporate level. Those bodies are as follows:
- **the Ethics, Environment and Sustainable Development Committee of the Board of Directors.** In sustainable development, the Committee has an ambitious scope covering policy, forecasts and action plans. In 2011, the committee heard presentations on topics including the 2010 sustainable development plans, environmental reporting and the "GDF SUEZ Rassembleurs d'Energie" program (see section 3.5.1);
- **the Management Committee and the Group Executive Committee**, led by the Chairman and Chief Executive Officer, which decides on policy issues in sustainable development. Various matters were presented to the Group Executive Committee in 2011, including the Group's dated and quantified sustainable development objectives, the launch of the "GDF SUEZ Rassembleurs d'Energie" program, the organization of the Group's contribution to the National Round Table on Energy Efficiency held by French Ministry for Ecology, the second obligation period for French Energy Savings Certificates (2011-2013) and changes in French legislation on matters including the environment and impacts on biodiversity;
- **the Group Sustainable Development Policy Steering Committee** is made up of the business lines' Sustainable Development managers, representatives of the Sustainable Development Department and representatives from the functional departments (Human Resources, Health and Safety and Management Systems, Ethics and Compliance, Research and Innovation, Purchasing and Group Sales & Marketing). Its role is to prepare annual action plans, monitor their implementation, gather experiences across the various entities, and encourage exchange on major sustainable development strategies (including the fight against climate change and corporate social responsibility). It met five times in 2011;
- **the Sustainable Development Network** comprises Sustainable Development Department representatives and sustainable development managers and teams in the business lines, BUs and subsidiaries, as well as in the functional departments and divisions (such as Purchasing, Human Resources, Health and Safety, Communications, International Affairs, Research and Development, French regional office delegates). Its purpose is to disseminate the Group's policies and the best practices of the BUs. It met four times in 2011. The Group Sustainable Development Convention for the entire network was held on June 30 and July 1, 2011 in Paris.

In each of the business lines, a sustainable development manager supported by a dedicated team is tasked with:

- implementing the sustainable development policy in the business line;
- leading sustainable development action plans in the business line;

- including sustainable development in the business line's strategic planning process (strategic plan, medium-term business plan) and investment decisions;
- educating and training all employees in sustainable development;
- capitalizing on the business line's experiences.

Incorporating sustainable development into Group processes

Sustainable development is incorporated at various levels within GDF SUEZ's key processes:

- at the strategic level: the medium-term business plan, which is a strategic and financial exercise, incorporates elements of sustainable development through the development of sustainable business (such as development of renewable energy sources and energy efficiency), as well as through the management of non-financial risks (such as risks associated with CO_2 emissions in Europe);
- at the financial level: the investment procedure contains 10 sustainable development criteria (including ethics, CO_2 emissions, social impact, HR, environmental management of ecosystems, cooperation with stakeholders, local purchasing, health and safety), which are analyzed in the investment projects presented to the Commitments Committee;
- at the operational level: implementation of sustainable development policy through the action plans of each of the business lines takes place according to the Group's operating processes;
- the results are compiled on the sustainable development scorecard and enable guidance of the whole approach Group-wide.

3.2.3 PERFORMANCE

Sustainable development performance is based on dated and quantified targets and an overall assessment organized around different resources (reporting, scorecard, performance reviews and non-financial indices).

Objectives

Ten quantified and dated sustainable development targets at Group level were set up at the end of 2010 and approved by the Executive Committee in early 2011. They are subdivided according to the various themes of the three pillars of the policy:

- renewable energy: increasing installed capacity in renewables by 50% between 2009 and 2015;
- biodiversity: implementing a biodiversity action plan at each sensitive site in the European Union by 2015;
- health and safety: achieving an accident frequency rate (FR) of less than 6 in 2015;
- gender equality: Four targets by 2015:
  - One in three senior managers appointed will be a woman,
  - 25% of women executives,
  - 30% of women in recruitments,
  - 35% of high-potential women;
- training: maintaining the level of employees receiving at least one training per year at two-thirds;
- employee shareholders: achieving and maintaining a level of employee shareholding in the Company's share capital of 3% by 2015;
- sustainable development (SD) investment criteria: incorporating SD investment criteria into 90% of business development projects presented to the Commitments Committee by the end of 2012.

Reporting

The Group's social (see section 3.3) and environmental (see section 3.4) reporting, which is a statutory obligation under the Loi Nouvelles Régulations Économiques (New Economic Regulations Act) of 2001, entails publication of a group of indicators taken from the Global Reporting Initiative (GRI), some of which are verified by the Statutory Auditors. Each year, the Group aims for a "reasonable" level of assurance for a growing number of indicators. According to Capitalcom (in their 4th annual CSR barometer of CAC 40 groups, 2011), in 2010 GDF SUEZ was the CAC 40 group with the highest number of reasonable assurance indicators (18).

Sustainable development scorecard

The sustainable development scorecard expresses the goals and measures the degree of implementation of the sustainable development policy. It is composed of indicators that ensure balanced coverage of the main focuses of the sustainable development policy and its key areas of application: quality, health and safety, environment, and corporate social responsibility. GDF SUEZ's sustainable development scorecard is described in full in the Group Sustainable Development Report.

Performance assessment

Sustainable development is assessed in performance reviews at a rhythm appropriate to each business line. Reviews are conducted at least once a year based on the assessment of achievement of sustainable development action plans. Internal control and audit programs and mechanisms ensure the integration of certain aspects of implementation, in coordination with the Strategy and Sustainable Development Division.

Non-financial indices

In 2011, following the analysis performed by non-financial rating agency Vigéo, GDF SUEZ was again confirmed as a member of the ASPI Eurozone® Index (Advanced Sustainable Performance Indices). ASPI Eurozone® is the benchmark European index for companies and investors committed to sustainable development and corporate social responsibility. GDF SUEZ was given a C+ rating by Oekom in 2011.

Also in 2011, the Group published its 2010 Sustainable Development Report, rated "B+" by the Global Reporting Initiative (GRI).

3.2.4 CROSS-CUTTING PROJECTS

Sustainable marketing

GDF SUEZ's industrial customers face the same imperatives of environmental, social and economic excellence that their suppliers have to take into account and try to integrate into their products and services. Many of the Group's subsidiaries now offer innovative solutions to reduce environmental footprints, cut greenhouse-gas emissions, protect the health of employees and ensure industrial safety. To promote internal debate over the sustainable products and services offered to industrial customers and local authorities, the Group facilitates synergies between its businesses to respond in a comprehensive way with the full range of its expertise, and more specifically to customer needs in terms of sustainable development. This action, launched in France and Belgium, has been rolled out to the Group's other European markets and to North America, and will soon be offered to all the Group's businesses in the B-to-B markets.

Sustainable products and services for residential and tertiary sector customers have also been developed and are offered by the Group's subsidiaries; energy efficiency and conservation of resources are key to the commercial offerings of suppliers of energy, energy services, water and waste treatment at GDF SUEZ.

Sustainable purchasing

The sustainable purchasing policy comes within the scope of the Group's sustainable development policy, its values and its various charters. Its aim is to be reflected in the everyday activity of buyers, particularly in forming and maintaining healthy relationships with suppliers. To raise awareness among buyers on sustainable purchasing and to provide them with the tools they need on a daily basis, a training campaign for sustainable purchasing was launched in France in 2011. Other sessions will be organized in 2012. The long-term aim is to train all buyers.

In order to go further with its sustainable approach, the Group signed the Credit Mediation Charter in 2010. The charter commits the Group to setting up sustainable partnerships with SMEs. In late 2011, GDF SUEZ launched a Global Compact membership campaign based on its 100 biggest suppliers (in terms of sales, excluding energy purchases). Of the 51 suppliers who had not already signed on to the Compact, it was agreed with the business lines to approach 24 (some were at the end of their contracts or in dispute). To date, four new suppliers have joined the Global Compact. To increase their knowledge of our sustainable purchasing policy, a dedicated portal for suppliers was created in 2011.

3.2.5 MANAGEMENT OF STAKEHOLDER RELATIONSHIPS

To ensure the continuity of its activities and achieve a high level of social acceptance of its industrial projects, GDF SUEZ maintains constant and proactive dialogue with its stakeholders and continues to strengthen its partnership approach. Aware of its responsibility towards society as the global economy moves towards models of more sustainable growth, GDF SUEZ is committed to a consistent approach to managing relationships with stakeholders as well as the many partnerships that enable it to maintain and continuously improve its relationships with them.

Cross-cutting initiatives

End 2011, the Group began developing a cross-cutting steering project in managing stakeholder relationships, based on a platform of exchange identifying all Group practices in this area. The project is part of the implementation of the Group's sustainable development policy. It will help in the dissemination and application of good practices.

A partnership approach

Concerning partnerships, the Group is an active participant in large international networks such as the UN Global Compact and think tanks and foundations such as the World Business Council for Sustainable Development (WBCSD), the *Institut du développement durable et des relations internationales* (Institute for Sustainable Development and International Relations - IDDRI) and *Entreprises pour l'Environnement* (Businesses for the Environment - EPE).

These networks are important in promoting dialogue on the various issues of sustainable development. The Group also sets up ad hoc partnerships at the local level with civil society representatives, local residents' associations and NGOs for the duration of its projects. At corporate level, through structured partnerships with NGOs, the Group spearheads initiatives for progress. Examples of such major partnerships include those signed with Emmaüs France and *France Nature Environnement*.

3.3 SOCIAL INFORMATION

When Gaz de France and Suez merged in July 2008, an ad hoc department was set up specifically for senior managers and separate from the Group Human Resources (HR) Department in order to better support the Group's 800 managers in this sensitive phase of combining two cultures. Less than three years later, these two departments are brought together within a single Group Human Resources Department.

The following new Group HR objective was defined in mid-2011: "To enhance and develop the Group's human capital, rich in its diversity, for the Group's activities throughout the world, by implementing an open and innovative Human Resources policy, thereby creating value for each person, the Company and their communities." This objective forms the basis of the following five focuses:

- looking into the future and planning for it in the context of a world undergoing profound changes;
- providing space for everyone's personal ambition in order to develop initiative and innovation, while being able to combine these personal ambitions with the ambition of the Company as a whole;
- combining strong local roots, which contribute the essential elements of singularity and differentiation, with the Group's global perspective making it possible in particular to identify and extract values worldwide from the Company's ambition;
- making gender balance and diversity vectors for transforming the Company;
- expanding the consideration of the societal dimension and of corporate social responsibility (CSR), which have a considerable impact on employees' commitment but also on social ratings and investors.

To achieve this ambition, demanding and innovative HR policies and approaches have been and will continue to be developed. The main tools we have employed to reach our goal include elaborating our policies in collaboration with the Group's operational partners, enhancing the Group's shared management culture, involving employees in the Group's results but also in its longer-term strategic objectives, developing high-quality dialog with social partners and managing rationalized HR performance in the service of others.

In 2011 the Group also placed corporate social responsibility at the heart of its "By People, For People" mission. A grass-roots "social project" has thus been developed and adopted, based on the following four commitments: affirming social utility and solidarity; promoting social cohesion and connection; focusing on equal opportunity; and rooting policy in the communities.

3.3.1 THE GROUP'S HUMAN RESOURCES POLICIES

Human Resources policies aim to help the Group attract, retain and develop its human capital, taking into account its ambition and changing business needs, through forward-looking management of jobs and skills and acting on a global scale in highly diversified employment pools.

3.3.1.1 A diversified recruitment policy

The Group has been refining its recruitment policy and processes for the past two years. Closely linked to the very diverse employment market, the Group deploys an enhanced employer presence on different targets. Three major initiatives that continued in 2011 were increased integration of apprentices, development of initiatives on campuses – including the Golden Mission (see below) – and to promote education, and streamlining internal recruitment processes.

Integrating apprentices

In 2011, GDF SUEZ continued its proactive policy towards work-study programs (programs that alternate periods of study with periods of on-the-job training) and aligned its actions with the government's goal of training 800,000 people through this mechanism by 2015.

As of December 31, 2011, the Group had 4,425 participants in work-study programs in France, representing about 4.1% of the workforce (2,122 new contracts had been signed in 2010). This was the result of precisely targeted actions, including the launch of a recruiting campaign through a national media plan.

GDF SUEZ has also been actively involved in innovative projects such as the École Vaucanson, a school that offers work-study programs to holders of a vocational baccalaureate. Elengy has one apprentice under this program. The Group is also a partner in the AGIR project, which aims to improve support for young people working under government-sponsored professional training contracts and which has been rolled out in the Loire-Atlantique region as a pilot program.

Other initiatives were continued in 2011: the *Plan d'Accompagnement à l'Emploi* (Employment Assistance Plan), developed with the *Fondation Agir Contre l'Exclusion* (Foundation for Action Against Exclusion [FACE]), aimed at young graduates who are not hired at the end of their apprenticeships, and innovative projects that promote lasting employment as part of the publicly-sponsored *Plan Espoir Banlieues* (Suburbs Hope Plan).

Moreover, on June 28, 2011, along with most other CAC 40 companies, GDF SUEZ signed the *"Charte de mobilisation en faveur du développement des formations par alternance dans les entreprises"* developed by the French Minister for Apprenticeships and Training to promote work-study programs.

Campus and actions in favour of Education and Training

With a growing presence in career forums in France and abroad, the Group ensures the visibility of its activities and its employer brand in the schools. The Group participates in about 50 forums a year in France and Belgium. Through these many local events, which involve more than 500 representatives of its various activities, the Group makes direct contact with nearly 55,000 students a year. These students are informed about the Golden Mission, a multi-activity, multi-country experience for young graduates from the top engineering and business schools and universities which was launched at the end of 2010 and was a key initiative in 2011. The Mission gives four talented young people, recruited after a video competition on its internal activities, the chance to shadow GDF SUEZ employees worldwide during a four-month period. The experience is the first step in a voyage of discovery of the activities and diverse career opportunities offered by GDF SUEZ aimed at an audience targeted by the recruitment initiatives undertaken by the Group and its employees.

For the past three years, GDF SUEZ has also been a key partner in the *Challenge du Monde des Grandes Écoles et Universités*, an international one-day event involving 4,000 students, and has invested in various programs (*Collège des ingénieurs*, COPERNIC, CEMS, TIME, Energy 21st and AtomiCareers in Europe) that allow it to reach students and recent graduates of Europe's most highly-specialized institutions.

GDF SUEZ has continued its policy of grants to support young people in their career development and has taken action to support education, training and research with its partners in France and Belgium such as the *Centre National des Arts et Métiers* (CNAM), the associations *Tremplin France* and *Tremplin Belgique, Institut d'Etudes Politiques de Paris, Université Paris-Dauphine* and the Applied Sciences faculties (at the seven Belgian universities).

During the last academic year, the "Diversity Management Chair" created by the *Université Paris-Dauphine* and co-founded by GDF SUEZ welcomed its second class of managers (some from the Group's companies) to a certification program in a continuing education format.

In Belgium, the Group volunteered the skills of one of its employees to lead courses in Corporate Social Responsibility at the ICHEC School of Management.

A new cooperative partnership was also formed in September 2011 between the Group and the universities of Liège (ULg) and Hasselt in Belgium on the theme of Managing Diversity in Business, similar to the partnership with the *Université Paris-Dauphine* in France.

Streamlined recruitment processes

In 2011, two major initiatives were led to mutualize and streamline the recruitment process: the e-recrutING project to simplify the management of applications for all Group entities; and the Source-In project, to provide the HR function with centralized expertise in recruitment). Source-In had processed 631 recruitment requests by the end of December 2011 for Group entities in France.

3.3.1.2 Mobility policies

GDF SUEZ's professional mobility policy essentially aims to allow all employees who so desire to benefit, at their own initiative, from a change of job, region or entity within the Group.

This objective is based on the shared conviction that professional mobility contributes to:

- attracting and retaining employees and securing their commitment;
- ensuring the optimal alignment of internal skills with the needs of our business activities;
- strengthening cultural integration, cooperation and equal opportunities;
- encouraging the sharing of know-how and fostering innovation.

This policy has been implemented using Company-wide networks and shared tools, such as the common repository of the Group's 23 "job families" and the GDF SUEZ profession guide which provides a shared overview of the Group's 300 most representative jobs. Among the results observed, there has been an average annual increase of 30% since 2009 in the number of internal transfers between the Group's various BUs, to over 1,400 a year currently.

3.3.1.3 Executive development policies

Executive development initiatives are rolled out in the Group's various entities based on the needs of the activity. Some of these initiatives are described below.

Identifying and developing high-potential executives

To ensure the succession of its leaders, GDF SUEZ has developed a program for the identification, guidance and development of high-potential executives across the Group, called "Leaders For Tomorrow" (LFT).

This program focuses on internal talent and seeks to promote diversity among management teams. It is articulated around three objectives:

- know and develop the personnel who could one day succeed current leaders;
- actively prepare these high-potential executives, based on individual and personalized guidance;
- retain the best employees through tangible signs of recognition.

To date, the Group has 2,500 LFTs representing 45 nationalities and working in 50 different countries, including 637 women (24.5% of LFTs, with a target of 35% in 2015).

Experts policy

The policy launched in 2009 for managing and developing the Group's technical experts was ramped up in 2011. It aims to identify and develop the Group's valued technical personnel in its core business activities (e.g. nuclear, gas storage, LNG, exploration & production and water treatment). Already some 500 key experts have been identified as being skilled in these areas.

In 2011, two training programs were developed and rolled out specifically for the Group's experts: 50 experts received "From Expertise to Business" training, while at the end of the year the Group also began promoting its "Sharing Expertise with Talent" training program, which will be rolled out in 2012.

Strengthening "Learning for Development"

The creation of a Learning for Development Department means that the Group's employees, in all activities and in every country, have access to high-quality general training and management training tailored to their needs.

Three channels have been set up to ensure the initiative's success:

- **GDF SUEZ University** is targeted at directors, high-potential employees and managers. "Think, Share, Grow Together" is GDF SUEZ University's promise to the Group's 38,500 managers and executives:
  - think: a place for strategic reflection, for thinking and preparing for the changes imposed by the challenges of our economic, technical and social environment,
  - share: a place for integration, for building cohesion and the transverse cooperation vital for the Group's success,
  - grow: a place for personal and group development, to support employees throughout their careers.

  In 2011, GDF SUEZ University rolled out the "GDF SUEZ Management Way" – the Group's leadership model – to the Group's senior managers, and supported the Group's geographical expansion by hosting 6,600 managers in 16 countries in programs delivered in local languages.
- The **Learning Community** at the business lines and Business Units. The task of this community is to strengthen cooperation with an aim of consistency in programs, rationalization of methods and dissemination of e-learning and Web 2.0-based approaches.
- The **Synerform tool**, which was set up in France in 2011 and which facilitates low-cost access for all Group employees to external training programs in the areas of general, office and health and safety skills.

Deployment of the Development Centers

GDF SUEZ operates Development Centers for its managers, intended primarily for top executives and high-potential managers. A tool for development and personal knowledge, it allows interested parties, referred by Human Resources, to gain awareness of their strengths and their areas of potential development, as well as to begin thinking about their careers and their goals for advancement.

Managing the Group's top executives

The merger with International Power has led to the incorporation within the Group of 31 top executives from the UK company, increasing the diversity of top executive origins and profiles.

In 2011, internal moves by top executives (from business line to business line or between the Centre and the business lines) were stable in relative terms, representing 28% of the total number of internal moves, but increased by 50% in absolute terms, thus encouraging greater variety in work experiences.

More than 85% of new top executives appointed in 2011 came from the LFT program.

3.3.2 DIVERSITY AND EQUAL OPPORTUNITIES (1)

The Group is pursuing its commitments as a socially responsible enterprise, active in regionally-based development and support of non-profit organizations. It undertook a number of Corporate Social Responsibility (CSR) initiatives in 2011, including holding seminars and updating the Solidario intranet, which is available in three languages and contains over 100 examples of CSR best practices. The collaborative SolidarNet website was set up in March 2011: this is an interactive tool for training, informing and raising awareness in the field of CSR at the French, Belgian, Dutch and UK subsidiaries.

GDF SUEZ is the founder of FACE *(Fondation Agir Contre l'Exclusion)*. Chaired by Gérard Mestrallet and involving many of the Group's employees in combating social exclusion at 30 local FACE Clubs, the organization promotes social integration and social cohesion. In 2011, FACE assisted GDF SUEZ in obtaining the "Diversity" label, mainly by carrying out a series of analyses relating to the certification criteria.

3.3.2.1 Combatting discrimination

The labeling process by the French Association of Normalization (AFNOR) is under way within GDF SUEZ SA and the Energy Services business line (involving a workforce of 42,000 employees in France), with the aim of obtaining the "Diversity" label Within this framework, and in response to the specifications, a consultation cell has been set up within the labeling area.

In the area of sourcing and integration of the most vulnerable populations, the Group relies in France on local missions, Pôle Emploi (the State employment bureau), and Mozaïk RH, a non-profit organization that promotes diversity in recruitment for work-study programs and which assisted in 2011 with the recruitment of 19 interns in situations of diversity in the Paris region. A "Sourcing Diversity" agreement has been signed with several partners including the *Association pour Faciliter l'Insertion professionnelle des Jeunes diplômés*, (Association to Facilitate the Professional Integration of Young Graduates) and Forces Femmes (a non-profit that helps women find jobs). Synerjob in Belgium has implemented a proactive apprenticeship policy. Finally, GDF SUEZ participates in numerous job fairs for vulnerable groups. With regard to disability, an awareness initiative was organized at the Group's headquarters involving 4,000 employees.

In France and in some other European countries including Belgium, the Group continues to conduct sensitivity training with FACE on "Equal Treatment and Combatting Discrimination". Under a partnership with the Louvain School of Management, training and awareness sessions for HR managers are delivered by the School's professors and researchers.

3.3.2.2 Priority action for equal opportunities

Professional equality

The three-year Professional Equality agreement that GDF SUEZ SA signed in July 2008 makes provision for follow-up committees with its social partner signatories. As an extension of this, European negotiations on professional gender equality were launched in 2011 and are due to be completed in 2012.

In particular, in early 2011 the Group set four targets for 2015:

- one in three top executives appointed will be female;
- the percentage of high-potential women will increase to 35%;

(1) For a full description of the Group's Corporate Social Responsibility policy, also see section 3.5 – "Corporate information".

- the percentage of female managers will be 25%;
- women will represent 30% of recruitment.

The WIN (Women in Networking) network has nearly 500 members and offers regular dialogue and group reflection on professional challenges and Group strategy.

50 women in the LFT program in France and Belgium took part in a one-year program of mentoring by male and female directors, receiving personal support from their mentors. In view of the program's success, another wave of 60 pairings is being set up. GDF SUEZ University is also preparing to launch a Female Leadership program in 2012.

In 2011 the Group held a conference-debate on the subject of "Female Employment - Moving Forward Together", in partnership with FACE Paris and the local authorities for the 9th Paris arrondissement. This event for local Parisians was attended by the mayor and local politicians responsible for gender equality.

Older employees

A Group-wide agreement on maintaining the employment and careers of older employees was signed on December 8, 2009, with the CFE-CGC, CFDT and CFTC trade unions. This three-year agreement applies to France. In 2011, a guide was placed online for the HR Department as a reminder of the principles of the agreement. Examples of best practices are now available.

Employees with disabilities

On the topic of disability in France, the Group's actions aim to raise awareness to increase understanding and acceptance of disability; to support access to employment for disabled persons within the Group; to customize workstations for the disabled; to find solutions allowing their continued employment; to patronize businesses in the sheltered employment sector; to support the aims of non-profit organizations; and to encourage initiatives by the Group's employees. The Group's collective actions thus led to an increase in direct employment of disabled people at the Group in 2011:

- INEO signed its first collective bargaining agreement with social partners;
- eight collective bargaining agreements and five agreements with AGEFIPH (fund for the vocational integration of persons with disabilities) are in force in France.

In 2011, the first European study on the professional inclusion of the disabled was launched, focusing on the six countries in which GDF SUEZ operates.

In Belgium, at the end of December 2011, eight athletes were recruited by subsidiaries of GDF SUEZ (seven by Electrabel and one by N-Allo) as part of a joint agreement signed with the Belgian Paralympic Committee. In September 2011, a partnership agreement was signed between the Group and the association Cécifoot Belgium, to promote the professional insertion of young vision-impaired football players in the Group's subsidiaries.

3.3.2.3 Integration - Help in landing a job

The Group is multiplying its actions for integration and help in landing a job, largely through dedicated structures. SITA Rebond (a subsidiary of SITA France, SUEZ Environnement group) specializes in the economic integration of populations in difficulty. It develops and implements projects to enhance professional integration and offers social support for the long-term unemployed, recipients of social minima benefits, unqualified young people under the age of 26, workers with disabilities and older workers. For over a year, SITA Rebond has reinforced its action by creating around its units "Company Clubs", spaces for dialogue and reflection leading to the establishment of a comprehensive integration policy. Since its launch in 2003, SITA Rebond has helped more than 3,000 people including more than 800 young people under 25 years of age. More than 400 of these young people have found stable employment.

With FACE, GDF SUEZ is involved in a variety of initiatives in France: the "Ambition 30,000" project; Job Academy; and "A Goal for Jobs" training program. In the past three years (2009, 2010 and 2011), more than 360 young people have been trained through "A Goal for Jobs". For more than 60% of these young people, the training had a positive outcome, helping them to integrate into society and find employment.

Created in September 2010, the BE.FACE association (the Belgian division of FACE) in Brussels saw its membership grow from seven to 11 companies during 2011. The first 12-point action plan was launched in February and saw its first practical achievements, particularly in sponsorship, and initiatives targeting schools and area development. Action has been focused on the Gare du Nord area of Brussels, where the Group's Belgian headquarters relocated at the start of the year. The aim is to promote the integration of GDF SUEZ in this sensitive area of the city, with the involvement of local associations.

The *Fondation Agir Pour l'Emploi* (FAPE) was created in 1995. This foundation, created by the employees of several companies in the electricity and gas industries (EGI) sector which includes GDF SUEZ, promotes integration through employment and acts positively against discrimination. It is financed by donations made by current and retired employees, with the companies also adding contributions. In 2011, FAPE received over €2.3 million, one-third in donations from employees and retirees and two-thirds from the contributions of participating companies. FAPE supported nearly 3,400 jobs in 2011.

Gepsa, a subsidiary of Cofely, continued to lead its integration and training initiatives in the prison environment.

GDF SUEZ is also taking action to ensure the employability of a group of young volunteers at the end of their civic service mission, as part of a social mediation project in the area of fuel poverty, led at the national level in partnership with FACE, *Nes & Cité* and the *Agence gouvernementale du Service Civique* (Government Civic Service Agency).

3.3.3 SOCIAL RELATIONS IN THE GROUP

3.3.3.1 Employee representation in the Group

Discussion between management and employee representatives, particularly regarding GDF SUEZ's industrial, economic, financial and social strategy, is channeled through representative bodies.

The European Works Council (EWC)

The EWC at GDF SUEZ was established under the agreement of May 6, 2009, which was signed by all the European social partners.

The EWC is composed of 64 members and represents 191,296 employees in the European countries where the Group is present. Its purpose is to develop and strengthen European social dialogue, ensure balanced representation between the Group's countries and main business activities, and develop social dialogue within these activities.

This dialogue is based on working groups set up by business area (Energy, Environment, and Services) or by theme (jobs, training, mobility, diversity and professional equality, health and safety, social guarantees and social reporting), and on a 14-member secretariat representing nine countries and meeting once a month.

In 2011, the EWC held eight full-session meetings, 13 meetings of the EWC secretariat and nine working group meetings.

French Group Works Council

An agreement signed on June 2, 2009 also launched the French Group Works Council. This body represents more than 108,319 employees in France. Two meetings were held in 2011.

3.3.3.2 Collective bargaining agreements

A global agreement on fundamental rights, social dialogue and sustainable development was signed on November 16, 2010 with several global union federations.

In 2011, negotiations began at the European level on professional gender equality.

On February 23, 2010, two agreements were signed at the European level on the following topics: management and planning of jobs and skills; and a health and safety policy. The second agreement applies worldwide.

Monitoring committees met in 2011 for the various agreements signed in 2009 and 2010 at the international, European and French levels to measure the application of these agreements within the Group and to highlight good practices. In addition to the agreements mentioned above, the following agreements were also signed:

- a Group-wide agreement to set up a collective retirement savings plan (*Plan d'Épargne Retraite Collectif* - PERCO) and develop a Group savings plan (*Plan d'Épargne Groupe* - PEG) (see section 3.3.4.1 below);
- an agreement on jobs and careers for older workers (see section 3.3.2.2 above), signed by three trade unions on December 8, 2009;
- an agreement on the prevention of psychosocial risks by improving the quality of work life, signed by the five trade unions on February 18, 2010.

3.3.3.3 Involvement in the International Social Observatory

GDF SUEZ supports the International Social Observatory (ISO) and its efforts on well-being at work, corporate governance, the role and training of managers and the issues of financial mechanisms developed within a social policy framework (employee savings and solidarity funds, employee shareholding and socially responsible investing).

On May 17, 2011, the ISO met to monitor the "Commitment to Well-being at Work and the Universal Right to Healthcare", which was made public in 2010 and signed by about 15 international companies, trade unions and public partners. It also initiated a study on enhancing human resources and development policies. The ISO continued to support the activities of its local branches in Morocco and Chile. It has also laid the groundwork for expanding to Brazil.

3.3.4 GROUP EMPLOYEE SAVINGS PLAN

3.3.4.1 Group Employee Savings Plan Policy

GDF SUEZ develops employee savings plans for its staff. These include:

Savings plans

In France: Since late 2009, employees of GDF SUEZ companies in France (fully consolidated companies, i.e., the majority of whose capital is held directly or indirectly by GDF SUEZ SA or by SUEZ Environnement Company SA) have had access to a Group Employee Savings Plan (*Plan d'Épargne Groupe* - PEG) which includes the employee shareholding funds as well as a large range of diversified savings options. GDF SUEZ shares from the first free share allocation plan of 2009 were delivered to this Plan in 2011 for GDF SUEZ employees resident in France for tax purposes who chose this option.

Outside France: Measures have also been put in place in other countries to allow employees to save, under terms adapted to local laws.

Retirement savings plans

In France: Since January 1, 2010, all Group employees in France can, at their own pace, build funds for retirement by paying into a GDF SUEZ Group collective retirement plan (*Plan d'Épargne pour la Retraite Collectif* - PERCO).

To take account of diverse local economic and social situations, implementation measures and information are spread progressively, business by business. Through the chosen financial architecture, the plan manager is able to combine responsiveness, performance and security in offering a list of multi-management funds.

Outside France: In other countries there are plans that allow employees to supplement their pensions by making voluntary contributions on favorable terms.

3.3.4.2 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 SA:

- GDF SUEZ SA and all the trade union organizations representing its employees signed a new incentive agreement on June 24, 2011 for the 2011-2013 period. The amount paid out in 2012 for 2011 will be €22.1 million (to 8,775 employees). The amount paid out in 2011 for 2010 was €27.4 million (to 9,895 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 fiscal year following the merger-absorption of SUEZ SA by Gaz de France SA. Application of the statutory profit-sharing formula for 2010 resulted in no payment being made to employees in 2011.

3.3.5 EMPLOYEE SHAREHOLDING

GDF SUEZ continues to apply its proactive employee shareholding policy in order to involve all employees in the Group's collective success and to increase the employees stake in the capital of GDF SUEZ.

In total, including the allocation that took place in 2011, employees will have received nearly 15 million free shares since the first plan in 2007.

On December 31, 2011, employees held 2.9% of the share capital (including 2.2% held through employer-sponsored mutual funds). Pursuant to article L.225-100-3 of the French Commercial Code, it is specified that the Supervisory Boards of these employer-sponsored mutual funds exercise the voting rights attached to the securities registered among their assets and decide, if necessary, whether to contribute these securities to public tender or exchange offers.

3.3.5.1 A fourth free share allocation plan in 2011

The Board of Directors of GDF SUEZ decided to set up a global free share allocation plan on June 22, 2011. The allocation represents about 0.19% of the Company's share capital on the allocation date, pursuant to the authorization given by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 2, 2011 in its 15th resolution, limiting the maximum authorized amount to 0.5% of the share capital on the allocation date.

All employees of GDF SUEZ and its subsidiaries (in France and abroad) that were controlled or fully consolidated on April 30, 2011 were assigned 25 free allocation rights, on condition of continuous service and following vesting period of two to four years, depending on the country:

- the employees and corporate officers of GRTgaz and its subsidiaries outside France have not benefited from this global free allocation plan for GDF SUEZ shares, pursuant notably to the provisions of article L.111-33 of the Energy Code, which do not permit the allocation of GDF SUEZ shares to them. A specific capital increase plan has been set up by GRTgaz;
- for beneficiaries who are employees of the shared services of ERDF et GrDF, the number of free share allocation rights per beneficiary is determined by applying the distribution base (gas percentage) of the unit to which the beneficiary belonged at April 30, 2011. This number is rounded up, and must not be less than six when the distribution base is not zero;
- the Board of Directors of SUEZ Environnement Company has set up a collective employee shareholding plan for employees of SUEZ Environnement Company and its subsidiaries. As a result, the number of free allocation rights to GDF SUEZ shares is set at 10 per beneficiary, as they are concerned by both the results of GDF SUEZ and the results of SUEZ Environnement Company.

For tax and payroll reasons, the free share allocation plan is implemented in different ways for 1) the employees of GDF SUEZ and its subsidiaries in France, and 2) for the employees of its subsidiaries outside France.

3.3.5.2 Settlement of free share allocation plans implemented in 2007 and 2009

In July 2007, the Board of Directors of SUEZ resolved to establish a global free share allocation plan for all employees. For some 64,400 beneficiaries in France, Italy, Spain and Hungary, about 966,000 vested shares were delivered on July 8, 2009. For the other countries, 964,500 shares were delivered on July 8, 2011 to 64,300 beneficiaries: depending on the local situation, the shares were either delivered to the employee savings plan mentioned in 3.3.4.1, or delivered to an account held in the beneficiary's name, or immediately sold.

In July 2009, the Board of Directors of GDF SUEZ resolved to create its first global free share allocation plan to involve all employees in its collective success and to increase their stake in the Group's share capital. The employees were thus allocated free share allocation rights (20, except for beneficiaries who were employees of the shared services of ErDF and GrDF, and 8 for the employees of companies in the Suez Environnement group), subject a condition of continuous service on the vesting date. Provision was made for delivery of shares to the beneficiaries at the end of a vesting period of two or four years, depending on the country. About 1,931,200 shares were delivered on July 8, 2011 to 133,300 beneficiaries. Employees of the GDF SUEZ Group who are tax residents in France had the option of delivery to the employee savings plan; otherwise, and depending on the local situation, these shares were either delivered to the employee savings plan mentioned in 3.3.4.1, or delivered to an account held in the beneficiary's name, or immediately sold.

3.3.6 SOCIAL ACTIVITIES

GDF SUEZ SA helps fund social activities for workers in the Electricity and Gas Industries (EGI) sector based on a percentage of its revenue for France. Companies operating in the EGI sector qualify for a special statutory regime. Such social activities are funded by all companies in the EGI sector and administered by a *Caisse Centrale d'Activités Sociales* (Social Activities Central Fund) which is a legal entity and is comprised solely of employee representatives of companies in the EGI sector. The Fund is overseen exclusively by public authorities. In 2011, GDF SUEZ contributed a total of €134 million to organizations coordinating social activities for the employees.

3.3.7 HEALTH AND SAFETY POLICY

3.3.7.1 Improved performance

The Group has continued to see a marked improvement in its employee health and safety performance. The accident frequency rate, which was 8.6 at the end of 2011, has been more than halved since 2004 (18.1) [(1)]. This frequency rate is in line with the Group's target for the year end (8.6). The accident severity rate was 0.40 at the end of 2011, nearly one-third lower than in 2004 (0.62), and the mortality rate per work accident for Group employees (number of deaths per work accident/100,000,000 hours worked) has also improved, decreasing from 4.3 in 2004 and 2.4 in 2011.

The progress made by the Group in 2011 is due to improvements in all business lines, particularly Energy France, Energy Europe & International and Energy Services, which have more than halved their respective accident frequencies since 2006.

The accident frequency rates achieved by the Group in each of its business activities in 2010 fell within the higher ranking of frequency rates for comparable activities (source: internal benchmark created using public data for the 2010 fiscal year).

The accident frequency rate for temporary employees has also improved, falling from 21.8 in 2007 to 18.5 in 2011.

This improvement does not apply to the number of work-related fatal accidents among external and temporary service providers (15 in 2011 compared with 13 in 2006).

Changes in health and safety performance are monitored by the Executive Committee and the Board of Directors. They are reported via the health and safety newsletter and the Group intranet and are also the subject of a quarterly email from the Executive Management to top executives.

3.3.7.2 Targets

Quantified progress targets set for 2010-2015 cover both a reduction in workplace accidents (reducing the accident frequency rate to less than 6 by 2015, reducing the accident severity rate and eradicating fatal accidents with a causal link to the Group's activities) and improvements in occupational health (elimination of replaceable products containing carcinogenic, mutagenic or repro-toxic products (CMRs). They also take into account the training of managers in health and safety management.

3.3.7.3 Improvement actions

The Group's Health and Safety Action Plan for 2010-2015 describes the actions to be implemented to achieve its targets. These include measures to consolidate management systems and various levers to move towards a proactive and shared culture.

The continuing deployment of improvement actions and their contribution to better Group health and safety performance is the responsibility of the Ethics, Environment and Sustainable Development Committee, one of the five committees of the Board of Directors, and of the Health and Safety Steering Committee, whose members include employee representatives.

Consolidation of the management mechanism

Health and safety training initiatives were stepped up in 2011, with 28.6% of total training hours devoted to Quality, Safety and the Environment and 1,438 managers trained in the Group approach to health and safety management at the GDF SUEZ University.

To assess compliance with the Group's requirements in its subsidiaries worldwide and the maturity of the management system in place, 37 peer reviews were conducted by members of the Health and Safety network.

The Group's action plan also places manager involvement at the heart of its process and as such it emphasizes management security inspections to allow managers to verify first-hand that the requirements, and the fundamental principles that underlie them, are known, understood and shared. In 2011, the results of the various professionalization actions were shared in an executive summary.

In 2011, the Management Committees of the Group's subsidiaries and business lines performed 36 self-assessment tests to evaluate the adequacy and efficiency of management processes. These tests were carried out using the internally developed Managers' Career Support and Development (ADAM) tool, which is recognized by the European Foundation for Quality.

Management reviews are performed between the central office and the business lines and between the business lines and their BUs to assess results and set targets to make the management system more relevant, appropriate and efficient, in accordance with the requirements of General Organization Procedure 02.

Finally, occupational health and safety is taken into account in the annual appraisals of Group managers and accounts for at least 10% of their performance-related pay.

(1) In this section all figures predating July 2008, the date of the merger between Gaz de France and Suez, are aggregates of the data of the two groups.

Feedback

With the revision of Group Rule 05 governing work authorizations, the minimum requirements for all Group subsidiaries worldwide have been tightened based on the lessons learned from incidents and accidents. Their implementation to improve control of gas and electricity risks was also revised in 2011.

Feedback forms are also used to structure manager feedback on the measures to be taken to prevent a repeat of these events.

Sharing good practices

The Group also promotes the work of experts in networks to share practical solutions and recommend practices through the intranet, expert clubs or professional communities, the quarterly newsletter *Prevention News*, and annual Health and Safety conventions held by the Group and each of the business lines. In 2011, a new, more interactive way of sharing good practices was established: the "Market Place", where 651 practices have been shared and recorded.

Good practices identified during internal audits are also shared.

Raising awareness

In addition to the health and safety intranet space that can be accessed by all Group employees, *Reflex*, the health and safety magazine (240,000 copies published in eight languages), talks about good reflexes in prevention and habits to be adopted in everyday life.

Media for raising awareness of major risks in the area of work-related fatalities (falling from heights and working in excavations) have also been developed and made available to the BUs.

3.3.7.4 Dialogue with social partners

In 2011, dialogue with employee representatives and trade unions on health and safety continued at the local level, the Group level, and in each activity. The Health and Safety Steering Committee monitored the Group's results, analyzed the causes of serious accidents and preventive measures put in place, and gave its opinion on proposed changes in the Group's repository.

Monitoring committees for the various collective agreements signed at the Group level in France met to review implementation of Group commitments (notably the agreement on the prevention of psychosocial risks by improving quality of work life, dated February 18, 2010).

3.3.8 SOCIAL DATA

		NRE	GRI	Energy France 2011	Energy France 2010	Energy France 2009	Energy Europe & International 2011	Energy Europe & International 2010	Energy Europe & International 2009
EMPLOYMENT									
Total workforce	■■	1	LA1	10,824	11,033	10,787	26,797	25,002	24,279
Workforce by geographic region	■■	1	LA1						
France		1	LA1	10,824	11,033	10,787	80	103	114
Belgium		1	LA1				7,064	7,215	7,603
Other European Union		1	LA1				9,960	10,646	10,915
Other European countries		1	LA1					0	0
TOTAL EUROPE		**1**	**LA1**	**10,824**	**11,033**	**10,787**	**17,104**	**17,964**	**18,632**
North America		1	LA1				2,406	2,035	2,012
South America		1	LA1				3,324	3,263	2,259
Asia - Middle East - Oceania		1	LA1				3,963	1,740	1,376
Africa		1	LA1					0	0
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Breakdown of workforce by SPC		1	LA1						
Managers	■■	1	LA1	2,558	2,436	2,242	5,539	4,998	5,142
Non-managers	■■	1	LA1	8,266	8,597	8,545	21,258	20,004	19,137
% Managers				23.6%	22.1%	20.8%	20.7%	20.0%	21.2%
% Non-managers				76.4%	77.9%	79.2%	79.3%	80.0%	78.8%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Breakdown of workforce by type of contract		1	LA1						
Permanent		1	LA1	92.9%	93.4%	94.3%	96.8%	96.3%	96.0%
Other		1	LA1	7.1%	6.6%	5.7%	3.2%	3.7%	4.0%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Age pyramid of permanent employees	■	1	LA1						
Under 25	■	1	LA1	4.4%	6.0%	6.2%	2.9%	3.0%	3.6%
25-29 yrs	■	1	LA1	13.5%	14.3%	14.6%	12.1%	12.8%	13.6%
30-34 yrs	■	1	LA1	15.7%	15.0%	14.9%	15.6%	15.9%	15.5%
35-39 yrs	■	1	LA1	16.6%	16.5%	16.9%	15.2%	15.0%	15.0%
40-44 yrs	■	1	LA1	14.8%	13.8%	13.0%	16.1%	15.9%	16.1%
45-49 yrs	■	1	LA1	12.5%	12.6%	12.7%	13.3%	13.4%	13.6%
50-54 yrs	■	1	LA1	13.4%	13.9%	13.8%	12.5%	12.9%	13.1%
55-59 yrs	■	1	LA1	8.1%	7.0%	7.0%	9.1%	8.6%	8.0%
60-64 yrs	■	1	LA1	1.0%	0.8%	0.7%	2.8%	2.2%	1.4%
65 and +	■	1	LA1	0.1%	0.0%	0.1%	0.4%	0.3%	0.1%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*

■ *Moderate assurance for financial year (FY) 2011.*
■■ *Reasonable assurance for FY 2011.*
* *The GDF SUEZ Group includes the six business lines as well as Corporate and GDF SUEZ Trading.*

	Global Gas & LNG			Infrastructures			Energy Services			Environment			GDF SUEZ Group*		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
	2,222	2,452	2,310	17,803	17,500	17,341	77,203	75,872	76,766	80,410	79,554	65,895	218,873	214,808	200,644
	857	1,028	984	17,599	17,436	17,274	41,139	39,473	39,701	34,982	34,792	32,398	108,319	106,603	103,965
	20	23	20	0		0	10,477	10,426	10,278	2,121	2,092	2,050	20,447	20,409	20,510
	1,149	1,216	1,162	204	64	67	19,237	19,809	20,387	28,935	30,104	19,167	59,496	61,843	51,698
	177	167	139			0	2,772	2,797	2,927	85	81	78	3,034	3,045	3,144
	2,203	**2,434**	**2,305**	**17,803**	**17,500**	**17,341**	**73,625**	**72,505**	**73,293**	**66,123**	**67,069**	**53,693**	**191,296**	**191,900**	**179,317**
		0	1		0	0	355	337	367	3,362	3,347	3,281	6,123	5,719	5,661
		4	3		0	0	871	784	868	272	252	269	4,467	4,303	3,399
	19	14	1		0	0	2,296	2,196	2,182	5,459	4,892	4,582	11,737	8,842	8,141
			0		0	0	56	50	56	5,194	3,994	4,070	5,250	4,044	4,126
	100.00%	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
	1,119	1,302	1,211	3,739	3,518	3,393	13,887	13,282	13,050	11,181	10,665	8,649	40,673	38,562	35,826
	1,103	1,150	1,099	14,064	13,982	13,948	63,316	62,590	63,716	69,229	68,889	57,246	178,200	176,246	164,818
	50.4%	53.1%	52.4%	21.0%	20.1%	19.6%	18.0%	17.5%	17.0%	13.9%	13.4%	13.1%	18.6%	18.0%	17.9%
	49.6%	46.9%	47.6%	79.0%	79.9%	80.4%	82.0%	82.5%	83.0%	86.1%	86.6%	86.9%	81.4%	82.0%	82.1%
	100.00%	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
	95.8%	95.0%	95.6%	95.1%	95.5%	96.0%	93.0%	93.5%	93.4%	91.4%	91.3%	92.3%	93.1%	93.2%	93.7%
	4.2%	5.0%	4.4%	4.9%	4.5%	4.0%	7.0%	6.5%	6.6%	8.6%	8.7%	7.7%	6.9%	6.8%	6.3%
	100.00%	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
	0.6%	1.0%	1.9%	5.1%	4.9%	4.9%	4.5%	4.6%	5.1%	3.0%	3.1%	3.6%	3.7%	3.9%	4.4%
	9.8%	11.1%	11.1%	10.3%	9.5%	9.0%	11.6%	11.8%	11.9%	9.1%	9.4%	9.6%	10.7%	11.0%	11.2%
	16.0%	16.3%	16.2%	11.4%	11.1%	10.8%	13.4%	13.1%	12.8%	12.7%	12.3%	11.7%	13.5%	13.1%	12.8%
	16.4%	17.0%	15.8%	12.7%	12.7%	12.0%	12.8%	13.2%	13.4%	14.6%	15.0%	15.2%	14.0%	14.2%	14.3%
	14.0%	12.8%	11.9%	12.5%	12.2%	12.4%	15.0%	15.3%	15.5%	16.3%	16.7%	16.9%	15.4%	15.5%	15.5%
	12.3%	12.1%	13.2%	15.1%	16.7%	18.8%	15.2%	15.0%	14.7%	16.8%	16.6%	16.5%	15.3%	15.3%	15.4%
	14.1%	14.9%	16.0%	23.8%	24.6%	24.8%	13.4%	13.2%	13.2%	13.9%	13.7%	13.6%	14.4%	14.4%	14.5%
	13.4%	11.8%	11.2%	8.5%	7.8%	6.8%	10.6%	10.5%	10.3%	9.9%	9.6%	9.3%	9.9%	9.5%	9.2%
	3.3%	3.0%	2.6%	0.7%	0.5%	0.4%	3.2%	3.1%	2.9%	3.2%	3.2%	3.2%	2.9%	2.7%	2.5%
	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.3%	0.3%	0.3%	0.5%	0.5%	0.5%	0.3%	0.3%	0.3%
	100.00%	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*

		NRE	GRI	Energy France 2011	Energy France 2010	Energy France 2009	Energy Europe & International 2011	Energy Europe & International 2010	Energy Europe & International 2009
Diversity and equal opportunity									
Female workforce	■■	3	LA13	3,481	3,461	3,539	6,657	6,524	6,673
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Proportion of women in workforce	■■	3	LA13	32.2%	31.4%	32.8%	24.8%	26.1%	27.5%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Proportion of women in management		3	LA13	29.2%	27.7%	26.5%	22.0%	22.7%	21.1%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Proportion of apprentices in workforce	■	1	LA1	3.6%	3.5%	3.4%	0.4%	0.4%	0.3%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Proportion of disabled employees		7		2.3%	1.9%	1.6%	0.5%	0.7%	0.6%
Employees under 25 as a % of permanent hires	■	1		23.1%	19.9%	24.7%	19.2%	20.7%	21.4%
Employees over 50 as a % of permanent hires	■	1		5.0%	3.3%	4.8%	5.3%	4.1%	2.9%
Staff and job movement									
No. of permanent hires (at constant structure)	■	1	LA2	676	603	632	1,462	1,404	1,912
No. of temporary hires (at constant structure)	■	1	LA2	691	646	622	651	563	662
Hiring rate	■	1	LA2	12.6%	11.4%	13.7%	9.1%	8.4%	10.4%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Rate of hiring on permanent contract	■	1	LA2	49.5%	48.8%	55.7%	69.2%	71.8%	73.9%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Turnover	■	1	LA2	6.6%	5.1%	6.0%	6.3%	5.4%	9.8%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Voluntary turnover	■	1	LA2	4.1%	3.7%	4.2%	3.7%	2.8%	2.3%
% reporting				*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Career development									
Proportion of workforce trained	■■	6	LA10	75.3%	58.5%	73.5%	80.5%	83.8%	77.4%
% reporting				*98.12%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*94.47%*
Proportion of women in trained workforce		6	LA10	32.12%	34.9%	33.6%	24.1%	25.2%	27.9%
% reporting				*98.12%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*94.47%*
Proportion of managers and non-managers in trained workforce		6	LA10						
Managers		6	LA10	24.2%	23.9%	21.2%	19.5%	20.0%	21.0%
Non-managers		6	LA10	75.8%	76.1%	78.8%	80.5%	80.0%	79.0%
% reporting				*98.12%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*94.47%*
Total no. of training hours	■	6	LA10	276,197	250,984	261,744	1,069,302	940,181	1,006,246
% reporting				*98.12%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*94.04%*

■ *Moderate assurance for financial year (FY) 2011.*

■■ *Reasonable assurance for FY 2011.*

* *The GDF SUEZ Group includes the six business lines as well as Corporate and GDF SUEZ Trading.*

Global Gas & LNG			Infrastructures			Energy Services			Environment			GDF SUEZ Group*		
2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
674	737	712	4,010	3,835	3,629	9,399	9,086	9,087	15,939	15,450	12,190	41,732	40,578	37,297
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
30.3%	30.1%	30.8%	22.5%	21.9%	20.9%	12.2%	12.0%	11.8%	19.8%	19.4%	18.5%	19.1%	18.9%	18.6%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
29.5%	30.3%	31.4%	27.5%	26.9%	25.2%	14.3%	13.8%	13.2%	26.5%	25.6%	24.2%	22.6%	22.1%	20.9%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1.5%	1.4%	1.7%	4.8%	4.3%	3.7%	2.9%	2.7%	2.8%	1.7%	1.4%	1.6%	2.3%	2.1%	2.2%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1.8%	1.6%	1.3%	2.7%	2.2%	2.1%	1.9%	1.6%	1.5%	1.7%	1.5%	1.5%	1.7%	1.5%	1.5%
4.6%	6.5%	7.9%	35.3%	38.8%	33.3%	20.9%	23.8%	23.0%	15.5%	15.5%	17.2%	19.3%	20.6%	21.1%
8.6%	7.4%	11.2%	4.1%	5.0%	4.1%	9.1%	9.6%	8.9%	10.9%	13.2%	11.0%	9.0%	9.7%	8.3%
151	230	241	1,015	727	658	7,087	5,684	5,407	6,728	5,086	4,490	17,261	13,909	13,562
47	76	63	611	510	494	4,968	4,340	4,084	10,568	8,962	5,478	17,626	15,164	11,484
8.8%	13.3%	15.0%	9.3%	7.1%	6.7%	15.9%	13.2%	12.7%	21.6%	20.6%	15.7%	16.4%	14.7%	12.9%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	98.43%	100.00%	100.00%	99.48%
76.3%	76.2%	78.3%	62.4%	58.8%	57.1%	58.8%	56.7%	57.1%	38.9%	36.4%	46.1%	49.5%	47.4%	54.9%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	98.43%	100.00%	100.00%	99.48%
4.1%	3.3%	2.5%	1.4%	0.8%	0.4%	8.0%	7.3%	6.3%	6.7%	6.5%	7.4%	6.6%	6.0%	6.5%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	98.43%	100.00%	100.00%	99.48%
3.6%	2.7%	2.1%	1.3%	0.7%	0.2%	4.6%	3.8%	3.6%	3.6%	3.0%	3.3%	3.7%	3.1%	3.1%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	98.43%	100.00%	100.00%	99.48%
79.8%	90.7%	82.0%	81.9%	77.6%	66.7%	58.5%	64.3%	59.6%	69.4%	61.2%	59.7%	68.2%	66.3%	63.5%
99.69%	100.00%	86.56%	100.00%	100.00%	99.99%	99.08%	86.02%	88.80%	100.00%	98.15%	98.02%	99.32%	92.14%	94.23%
28.7%	30.2%	31.0%	18.2%	17.9%	16.8%	10.1%	10.3%	10.6%	18.0%	19.1%	18.7%	17.8%	18.3%	18.8%
99.69%	100.00%	86.56%	100.00%	100.00%	99.99%	99.08%	86.02%	88.80%	100.00%	98.15%	98.02%	99.32%	92.14%	94.23%
50.5%	55.2%	57.8%	18.6%	17.9%	18.2%	18.1%	18.1%	16.8%	15.1%	15.0%	15.1%	18.7%	18.9%	18.6%
49.5%	44.8%	42.2%	81.4%	82.1%	81.9%	81.9%	81.9%	83.2%	84.9%	85.0%	84.9%	81.3%	81.1%	81.4%
99.69%	100.00%	86.56%	100.00%	100.00%	99.99%	99.08%	86.02%	88.80%	100.00%	98.15%	98.02%	99.32%	92.14%	94.23%
62,656	75,150	31,092	486,772	480,457	438,515	1,237,705	1,104,437	1,181,197	1,364,624	1,126,976	900,174	4,577,388	4,043,876	3,886,320
99.69%	100.00%	52.69%	100.00%	100.00%	99.99%	99.08%	86.02%	88.80%	100.00%	90.56%	98.02%	99.32%	92.14%	93.80%

		NRE	GRI	Energy France 2011	Energy France 2010	Energy France 2009	Energy Europe & International 2011	Energy Europe & International 2010	Energy Europe & International 2009
Hours of training by topic:		6	LA10						
Business techniques				46.8%	52.7%	58.3%	48.8%	49.4%	45.9%
Quality, safety & environment				16.6%	17.6%	15.3%	18.1%	19.7%	15.2%
Languages				3.6%	3.2%	2.3%	8.5%	12.0%	12.3%
Other				33.0%	26.5%	24.2%	24.7%	18.9%	26.6%
% reporting				*98.12%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*94.04%*
No. of training hours per person trained	■	6	LA10	34	39	33	49	55	54
% reporting				*98.12%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*94.04%*
No. of training hours per woman trained		6	LA10	35	30	27	46	43	55
% reporting				*98.12%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*94.04%*
Training expenses per hour of training (€)		6	LA10	38	36	44	22	21	18
% reporting				*97.58%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*91.55%*
Training expenses per person trained (€)		6	LA10	1,321	1,407	1,480	1,070	1,135	958
% reporting				*97.58%*	*100.00%*	*100.00%*	*98.34%*	*81.92%*	*91.55%*
WORK CONDITIONS		**2**	**LA7**						
Days of absence per person	■	2	LA7	18	16	19	12	11	11
% reporting				*98.63%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*99.98%*
Overtime		2	LA7	0.8%	0.8%	1.2%	4.1%	3.5%	3.0%
% reporting				*98.63%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*99.98%*

■ *Moderate assurance for financial year (FY) 2011.*

■■ *Reasonable assurance for FY 2011.*

* *The GDF SUEZ Group includes the six business lines as well as Corporate and GDF SUEZ Trading.*

Global Gas & LNG			Infrastructures			Energy Services			Environment			GDF SUEZ Group*		
2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
49.0%	27.0%	22.6%	52.6%	52.8%	52.4%	47.4%	45.9%	47.5%	24.6%	28.4%	30.6%	42.2%	43.3%	43.5%
26.4%	22.5%	4.7%	22.2%	23.7%	24.2%	31.8%	34.6%	31.8%	40.4%	36.6%	41.7%	28.6%	28.6%	27.2%
10.6%	19.1%	23.9%	2.6%	1.7%	1.6%	3.5%	2.9%	3.4%	5.4%	5.2%	4.1%	5.3%	5.9%	6.0%
13.9%	31.5%	48.9%	22.7%	21.9%	21.8%	17.3%	16.5%	17.4%	29.7%	29.8%	23.6%	24.0%	22.2%	23.3%
99.69%	*100.00%*	*52.69%*	*100.00%*	*100.00%*	*99.99%*	*99.08%*	*86.02%*	*88.80%*	*100.00%*	*90.56%*	*98.02%*	*99.32%*	*92.14%*	*93.80%*
35	34	20	34	36	38	28	26	29	24	26	23	31	32	32
99.69%	*100.00%*	*52.69%*	*100.00%*	*100.00%*	*99.99%*	*99.08%*	*86.02%*	*88.80%*	*100.00%*	*90.56%*	*98.02%*	*99.32%*	*89.35%*	*93.80%*
38	29	27	28	29	30	27	26	29	26	25	26	32	30	34
99.69%	*100.00%*	*52.69%*	*100.00%*	*100.00%*	*99.99%*	*99.08%*	*86.02%*	*88.80%*	*100.00%*	*90.56%*	*98.02%*	*99.32%*	*89.35%*	*93.80%*
79	78	111	56	51	42	30	26	26	22	22	25	NS	NS	NS
99.69%	*100.00%*	*52.69%*	*100.00%*	*100.00%*	*99.99%*	*99.08%*	*85.67%*	*88.80%*	*100.00%*	*90.56%*	*97.98%*			
2,755	2,677	2,193	1,888	1,827	1,603	834	687	744	550	532	579	NS	NS	NS
99.69%	*100.00%*	*70.96%*	*100.00%*	*100.00%*	*99.99%*	*99.08%*	*85.67%*	*88.80%*	*100.00%*	*98.15%*	*97.98%*			
15	10	15	19	20	21	12	12	12	12	12	12	NS	NS	NS
100.00%	*100.00%*	*99.21%*	*100.00%*	*100.00%*	*99.99%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*			
1.0%	2.5%	2.2%	2.5%	2.5%	2.4%	2.7%	2.9%	2.8%	4.3%	4.4%	4.9%	NS	NS	NS
100.00%	*100.00%*	*99.21%*	*100.00%*	*100.00%*	*99.88%*	*100.00%*	*100.00%*	*99.99%*	*100.00%*	*100.00%*	*100.00%*			

	NRE	GRI	Energy France 2011	Energy France 2010	Energy France 2009	Energy Europe & International 2011	Energy Europe & International 2010	Energy Europe & International 2009
COMPENSATION								
Average salary of manual workers, clerical staff and technicians compared with national minimum wage in 2011	Legal annual minimum wage in 2011 in €							
France	16,380		1.51					
Belgium	16,983							
Spain	8,980					3.88		
Netherlands	17,093					2.72		
United Kingdom	13,662					2.14		
Luxembourg	21,091							
Romania	1,886					5.33		
Poland	4,184					3.50		
Czech Republic	3,831							
Hungary	3,368					3.76		
Slovakia	3,804							
Portugal	6,790					5.13		
Greece	10,354							
Slovenia	8,977							
Turkey	4,619					4.71		
USA	11,286					6.42		
% reporting			*95.99%*			*61.56%*		
SAFETY AT WORK*								
No. of fatal accidents (employees)	■		0	1	0	0	0	2
Frequency rate	■		10.7	12.7	14.3	1.5	1.6	2.2
Severity rate (French benchmark)	■		0.44	0.52	0.46	0.05	0.07	0.08
Severity rate (ILO benchmark)			0.30	0.36		0.04	0.05	
% reporting			*100%*	*100%*	*100%*	*96%*	*100%*	*100%*

■ *Moderate assurance for financial year (FY) 2011.*
■■ *Reasonable assurance for FY 2011.*
* *The GDF SUEZ Group includes the six business lines as well as Corporate and GDF SUEZ Trading.*

Global Gas & LNG			Infrastructures			Energy Services			Environment			GDF SUEZ Group*		
2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
			1.72			1.45			1.59			NS		
						1.95			1.51					
						3.09			2.69					
3.90						2.45			2.05					
			2.89			2.11			2.08					
						1.65			1,55					
						3.09			4.46					
						3.22			1.92					
						3.66			2.27					
						3.45								
						2.37			2.16					
						2.94			1.92					
						2.26								
									3.00					
									1.71					
									4.77					
43.77%			*99.62%*			*83.02%*			*77.12%*					
0	0	0	1	3	2	3	1	3	4	5	4	8	10	11
0.8	1.0	2.3	3.4	4.4	3.4	7.4	7.9	8.7	14.1	16.3	15.4	8.6	9.7	9.7
0.02	0.01	0.09	0.14	0.09	0.2	0.36	0.38	0.39	0.66	0.68	0.64	0.40	0.42	0.41
0.02	0.01		0.13	0.08		0.19	0.23		0.40	0.43		0.24	0.26	0.25
100%	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*		*100%*	*100%*		*99%*	*100%*	*100%*

3.3.8.1 Note on methodology of social indicators

Tools used

Magnitude, a financial consolidation application, was used to produce workforce data for 2011.

This business software 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 workforce 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 social data are completely integrated, regardless of the percentage of the company's capital owned.

Scope of reporting

A scope of reporting percentage is attributed to each indicator, corresponding to the indicator coverage as a percentage of the Group workforce (workforce of companies fully consolidated in the GDF SUEZ financial statements).

If a company has not communicated its data or has entered information that contains inconsistencies, we exclude the data in question from the scope of reporting.

In 2010, workforce data for the Agbar Group retroactively covered the entire year based on this group's administrative scope at the time it was fully consolidated.

Methods for the consolidation of indicators

The quantitative workforce data in this report come from the Group's financial consolidation software. After being collected the data were 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:

The data for the GDF SUEZ Group include the data from the six business lines as well as Corporate and GDF SUEZ Trading data (for 2011).

1. The geographical breakdown of employees corresponds to the IFRS financial reporting scope. Also, although the companies in the Global Gas & LNG business line are located in Africa, they are considered part of Europe.

   All the staff of the Agbar group are included under Spain and therefore in the EU region.

2. In the socio-professional breakdown, administrative employees are recognized under "senior technicians and supervisors" for greater consistency.

3. 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 is 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.

4. The employee turnover indicator only takes account of dismissals and resignations.

   It is calculated on the basis of yearly movements compared to the average annual workforce.

   As of financial year 2011, all information on staff changes (recruitment rates, permanent recruitment rates, turnover and voluntary turnover) is calculated on a constant structure basis, i.e. the fully incorporated reporting entities included in the scope of consolidation at December 31, 2010 that are still fully incorporated and included in the scope of consolidation at December 31, 2011.

5. Given the timelines involved, the data relating to training and hours worked are not always final and therefore reflect the most recent situation and, in some cases, a forecast of the workforce, training expenses and hours worked by year-end.

6. 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 possible information 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, since some entities are unable to gather information due to local regulatory restrictions.

7. Days of absence per person are calculated as follows: total number of hours of absence/8/average workforce. The convention used for the entire Group is 8 hours of work per day.

8. The compensation indicator is the ratio of the gross average salary in the "Worker, Employee and Technician" (WET) category as a proportion of the national legal minimum wage. The average gross salary is obtained by dividing the annual gross salary by the average monthly full-time equivalent (FTE) workforce.

   This ratio enables assessment of the relative average national salaries of full-time WETs.

   The restitution rate mainly depends on the existence and availability of a legal minimum wage. Very close to 80% overall, it ranges from 44% at BGGL (no national minimum wage exists in Germany) to 100%. Note that this ratio is not calculated for Belgium at BEEI, which has not declared any manual workers, clerical staff and technicians. Legal minimum wage data are provided by Eurostat.

3.3.8.2 Note on methodology of health and safety indicators

Scope

With respect to health and safety data for 2011, the analyses in this report relate exclusively to fully consolidated companies that GDF SUEZ controls in terms of both capital and management. They do not incorporate proportionately consolidated entities.

Once a company is fully consolidated in GDF SUEZ's financial statements, its workforce data is completely integrated, regardless of the percentage of the capital held.

Note that the Environment and Energy France business lines incorporate data from entities acquired in their health and safety reports three years after their consolidation by the Finance Department. This rule is described in the health and safety reporting procedure.

Also note that the scope of the International Power Division of the Energy Europe & International business line covers about 97% of all the employees of this division and that the health and safety data were considered over an 11-month period for some entities (from February 2011, when the International Power Division was incorporated).

Methods for checking and consolidating indicators

After being collected, the quantitative health and safety data in this report were 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: In contrast to social reporting, health and safety reporting includes the data of entities acquired specifically for the Environment and Energy France business lines. This situation produces a slight difference in the scope of the workforce covered by the two types of reporting.

3.4 ENVIRONMENTAL INFORMATION

GDF SUEZ is confronted with the main environmental challenges of climate change, the quality and availability of natural resources – air, water, soil and energy – and the protection of biodiversity and ecosystems. Although GDF SUEZ's activities may generate improvements in environmental quality, they also have an impact on ecosystems and natural resources which the Group seeks to measure and reduce within the process of environmental management of its activities.

3.4.1 LEGAL AND REGULATORY FRAMEWORK

Environmental legislation is constantly changing and is increasingly stringent for all economic players, particularly businesses. Changes in these regulations affect all the Group's activities. Changes in the regulatory context are discussed in section 2 of this document ("Risk factors"). The Group actively monitors regulatory developments, stating its position while they are being prepared and applying the new rules when they are published. In particular, the Group has been calling for the harmonization of international regulations and greater integration between the various environmental and energy policies.

3.4.2 THE ENVIRONMENTAL MANAGEMENT SYSTEM [1]

While it is difficult to summarize environmental performance, the implementation of environmental policies and environmental management systems provides a relevant indicator for measuring it. At the end of 2011, the entities that announced an environmental commitment policy or declaration accounted for 95.35% of relevant Group revenue [2] in terms of environmental impact. These commitments usually 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 externally certified, when justified. At December 31, 2011, 60.21% of relevant revenue was covered by certified EMS (ISO 14001 certifications, EMAS [3] registrations, ISO 9001 version 2000 certifications with an environmental component, and local certifications).

PERCENTAGE OF RELEVANT REVENUE COVERED

Indicator title	Scope covered in 2011 *(% relevant revenue)*	GDF SUEZ 2011	GDF SUEZ 2010
By an EMAS certification ■■	98.41%	8.8%	7.6%
By an ISO 14001 (non-EMAS) ■■	98.61%	48.6%	44.5%
By other external EMS certifications	99.61%	2.8%	13.5%
By an internal certification (but not by a certified EMS)	99.64%	20.1%	18.9%

■ *Verified by the Auditors with "moderate" assurance.*
■■ *Verified by the Auditors with "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 concern for the environment in carrying out their strategy. Thus, some Group entities have deemed it more advisable to devise their own management system standard, adapting it to their activities and recognizing it internally. To supplement its Environmental Management Systems (EMS), GDF SUEZ uses a dynamic self-assessment system to evaluate the maturity of environmental assessment processes, which allows operating sites to easily identify areas for improvement and evaluate the adequacy of their EMS for local circumstances. This system also enables them to monitor their progress and make comparative analyses with other Group sites, whether or not they are in the same field of activity.

(1) See section 3.6 "Statutory Auditors' Report on the Review of Selected Environmental and Social Indicators".

(2) Relevant revenue: excluding revenue generated by activities not considered relevant in terms of environmental impact (such as tertiary, trading and sales activities).

(3) "Eco Management and Audit Scheme": European regulations established by the European Commission to provide a framework for voluntary eco-management approaches using an EMS. Any business already ISO 14001-certified can obtain an EMAS certificate if it publishes an environmental declaration that meets the EMAS criteria.

3.4.3 ENVIRONMENTAL RESPONSIBILITY PERFORMANCE CONTROL AND MEASUREMENT SYSTEMS

To direct the implementation of its environmental policy, to control environmental risks and to 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 system is also released in the Group's Sustainable Development Report.

In 2011, the Group also carried out new environmental risk mapping for better targeting of actions to reduce environmental impacts and to anticipate the rise in importance of some impacts currently regarded as minor.

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 environmental compliance ensures operational management involvement by committing management to providing qualitative information that is consistent with the standards of reference, controlled, verified and approved.

Methodological elements of the 2011 environmental reporting

To ensure that the data it publishes are transparent and reliable, GDF SUEZ implements a process to progressively verify, through its statutory auditors, the quality of some of the indicators influencing the environmental and social information that it releases. Gaz de France first implemented this approach in 1999 and Suez in 2001.

GDF SUEZ implements its environmental reporting using a dedicated tool for structured data reporting. This tool, called CERIS, is an environmental reporting IT solution used to manage the network of environmental correspondents, to handle the management and documentation of the scope of environmental reporting, for the data entry, monitoring and consolidation of indicators, as well as to publish reports and provide or produce the documentation necessary for gathering data and monitoring data reporting.

CERIS is deployed in each of the business lines and thus covers the entire GDF SUEZ organization.

Some entities which do not yet have direct access to CERIS fill out an Excel version that is then imported into the tool.

The legal entities included in the reporting scope are those whose operations are pertinent in terms of environmental impact and that are consolidated fully or proportionately under the rules of financial consolidation (IFRS). Legal entities solely engaged in energy trading, financial activities or engineering are excluded. The entities selected report on the performance and impacts of the industrial facilities over which they have technical operational control, including facilities operated on behalf of third parties. Legal entities consolidated at equity are excluded.

This rule was established to ensure maximum compliance with the Global Reporting Initiative (GRI) guidelines. The GRI is a structure of stakeholders or partners (corporations, audit firms, human rights, environmental and labour organisations and government representatives) that creates a shared working framework for publication of sustainable development data.

100% of the impacts reported are consolidated when the entities are fully consolidated. For entities proportionately 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.

To calculate environmental management indicators such as the «portion of pertinent turnover covered by an environmental certificate, environmental crisis management plan, etc.», pertinent turnover is therefore estimated for each legal entity. To obtain pertinent turnover, operations regarded as not pertinent in terms of environmental impact (e.g. trading, finance and engineering) are stripped out of the consolidated turnover of each legal entity.

The procedures of environmental data reporting encompass a general procedure based on a standard guideline to be implemented at the appropriate levels of the reporting process. Procedures and guidelines are rolled out Group-wide via a network of duly mandated contacts 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. Depending on its activities, each entity is assigned a profile that determines the indicators that it must use. The list of the entities included in the scope of environmental reporting is approved by each business line.

(1) The New Economic Regulations (NRE) Act requires French companies listed on a regulated market to report annually on their management of the social and environmental impacts of their activity.

The definitions of the indicators[(1)] used to measure the environmental performance of Group businesses have been revised based on the statutory auditors' comments. They also take into account the comments by line managers represented in dedicated work groups. All the documentation is available from the Group upon request (Sustainable Development Department).

The following should be noted with regard to the data published in this report and in the annual Sustainable Development Report:

1. For fiscal 2011, the entire reporting process was shortened for the first time by four weeks, which created a number of constraints throughout all stages of the process. In addition, to ensure delivery of all data required within the stipulated deadlines, estimation methods were defined and reviewed by the statutory auditors for data that would not have been available in the 12 months of the calendar year.
2. A merger with International Power took place in 2010 and GDF SUEZ now holds around 70% of this company's total voting capital. International Power's facilities were therefore included in the 2011 reporting, as part of the BEEI business line. 2011 was therefore a transitional year of adapting International Power's facilities to the GDF SUEZ schedule and framework. Since this framework was also new for the facilities concerned, it was not possible to reconstruct a data history for International Power for 2010 and preceding periods. The data history presented is therefore for GDF SUEZ excluding International Power, which in most cases explains any substantial variance between 2011 and previous years. In addition, Agbar has considerably extended the scope of reporting on the Spanish sites, leading to a change in the linear index of losses from the drinking water networks.
3. GDF SUEZ has been a signatory to the CEO Water Mandate since 2007, indicating its commitment to preserving water resources. To improve the Group's water management, the indicators relating to water have been adjusted and brought into line with the GRI indicators. This will allow GDF SUEZ to respond more fully to external questionnaires such as SAM, GDP Water Disclosure and CEO Water Mandate. These new indicators are divided into four categories: Collection, Waste, Consumption and Recycling. This change in indicators is substantial, and 2011 should therefore be regarded as a transitional period within the process of improvement at GDF SUEZ.
4. Concerned about what becomes of the waste generated by its activities, the GDF SUEZ Group has indicators on its waste recovery. These are based on definitions of waste and recovery established by local regulations.
5. The reliability of the scope of environmental reporting is a GDF SUEZ priority which evolves in an international context of business disposals and acquisitions. Scope is determined on June 30 of the fiscal year. For disposals 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 disposal. Acquisitions made after June 30 are not taken into account, unless the head of the business line has requested an exception, and subject to the data being available.
6. Data related to LNG vessel activity, including impacts and consumption, have been incorporated as operating sites and are therefore reported as such. The vessels included in the calculations are those in which GDF SUEZ has majority ownership, or those operated by a subsidiary in which GDF SUEZ has a majority stake, as well as long-term chartered vessels (> 1 year). This gives a list of 19 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), GDF SUEZ Point Fortin, GDF SUEZ Cape ANN (SRV), Gimi and Neo Energy. Any ISO 14001 certification of vessels is also taken into account.
7. Environmental indicators for the Cartagena site (Spain) 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.
8. 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 power generation businesses.
9. It should be noted that only leachates from class 2 storage centers are reported.
10. The conformity between the Group's environmental performance indicators, the NRE and GRI guidelines is documented in the summary table of environmental performance. It is published in the Sustainable Development Report.
11. Significant environmental impacts resulting from subcontractors during services performed at one of the Group's facilities are included in the Group's impacts except when a specific contractual clause states that a 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. Regulations and legal obligations related to the 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).
12. Suez Environnement does not have detailed information on water consumption for 2011 and is unable to provide information on either the origin of the water consumed (e.g. network, surface, underground) or usage (cooling or industrial). Since this total water consumption data cannot be divided between the GDF SUEZ indicators, it has been excluded from the published data and is mentioned in a footnote for the purposes of information.

(1) Subject to verification by the statutory auditors.

3.4.4 GROUP ACTIONS

3.4.4.1 Climate change

The Group is conscious of the impacts of its activities on the climate and strives to minimize them by using the best technologies to reduce emissions, by improving the energy efficiency of all its facilities, and by incorporating low-carbon and no-carbon sources into its energy mix. The Group has therefore made energy efficiency one of the key activities of its Energy Services business line. The Group's development strategy is also based on a balanced energy mix. It actively participates in the work of civil society in this area, contributing its operating know-how in negotiations at all levels. This expertise is also available to the Group's customers through a range of commercial offerings, whether for participation in the carbon market, technical solutions, or the support or implementation of strategies and action plans to reduce greenhouse gas (GHG) emissions.

To communicate openly about what is a major issue for the Group, GDF SUEZ takes part each year in the Carbon Disclosure Project Survey. In 2011, GDF SUEZ achieved a score of 87 out of 100 for the quality component of its reporting and a "B" score for the performance component (on a scale from A to E, "A" being the highest score). These results make the Group one of the best performers in its field of activity. In addition, the PricewaterhouseCoopers study of 2010 shows that the Group's efforts are paying off: with a performance of 322g of CO_2 eq. emitted per kWh of energy production in Europe is below the average of its competitors.

As it seeks an active role in combating climate change, GDF SUEZ measures the GHG emissions of each of its activities.

The Group's 2011 GHG emissions (excluding tertiary emissions) totaled 156,889 million of tons of CO_2 equivalent [(1)].

Indicator title	Scope covered in 2011 *(% relevant revenue)*	GDF SUEZ 2011	GDF SUEZ 2010
Total GHG emissions (excluding tertiary emissions) ■■	96.75%	156,899,254 t CO_2 eq.	109,324,454 t CO_2 eq.
GHG emissions per business unit – energy production		417 kg CO_2 eq./MWheq	351.4 kg CO_2 eq./MWheq
GHG emissions per business unit – gas exploration and production		4.7 kg CO_2 eq./MWheq	7.1 kg CO_2 eq./MWheq
GHG emissions per business unit – gas storage		1.2 kg CO_2 eq./MWheq	1.2 kg CO_2 eq./MWheq
GHG emissions per business unit – gas transport (excluding LNG fleet)		1.9 kg CO_2 eq./MWheq	0.9 kg CO_2 eq./MWheq
GHG emissions per business unit – LNG terminals		1.6 kg CO_2 eq./MWheq	1.5 kg CO_2 eq./MWheq
GHG emissions per business unit – gas distribution		1.0 kg CO_2 eq./MWheq	3.7 kg CO_2 eq./MWheq
GHG emissions per business unit – incineration		393.3 kg CO_2 eq./t	386.1 kg CO_2 eq./t
GHG emissions – vehicle fleet		883,743.9 t CO_2 eq.	846,845 t CO_2 eq.

■ *Verified by the Auditors with a «moderate» assurance.*
■■ *Verified by the Auditors with a «reasonable» assurance.*

(1) *NB: the scope used for environmental reporting is specific (it includes facilities where GDF SUEZ has technical operational control) and thus differs from the scope used, for example, when assessing the power generation fleet.*

3.4.4.2 Renewable energy

Maintaining a balanced energy mix, at the forefront of the Group's energy strategy, means increasing its capacities in renewable energy, whether for producing electricity and heat, or biogas for transportation.

In 2011, renewable energy accounted for roughly 16.65 GW of installed electric equivalent, or 17.7% of the Group's total installed capacity.

Indicator title	Scope covered in 2011 *(% relevant revenue)*	GDF SUEZ 2011	GDF SUEZ 2010
Renewable – net installed power (electric and thermal) ■■	99.72%	16,650 MWeq	13,357 MWeq
Share of renewable resources in installed capacity	99.72%	17.7%	18.8%
Renewable – electricity and heat produced ■■	99.84%	68,333.8 GWheq	61,434 GWheq
Energy produced – share of large hydraulic		78.5%	82.2%
Energy produced – share of small hydraulic		1.8%	1.7%
Energy produced – share of wind		8.7%	4.4%
Energy produced – share of geothermal		0.069%	0.1%
Energy produced – share of solar		0.042%	0.0%
Energy produced – share of biomass (excluding thermal)		7.5%	7.9%
Energy produced – share of biogas		1.5%	1.4%
Energy produced – incineration share of biodegradable share of waste		1.9%	1.8%

■ *Verified by the Auditors with "moderate" assurance.*
■■ *Verified by the Auditors with "reasonable" assurance.*
These capacities correspond to the scope of the environmental reporting specified in section 3.2.5 (excluding equity-accounted and non-controlled facilities).

3.4.4.3 Energy efficiency

GDF SUEZ believes that managing energy is important for economic and ecological reasons. Energy efficiency is a major priority, both in the services offered by the Group to its customers (residential customers, contractors, businesses and local authorities) and in the actions taken by the Group at its own facilities.

The Group's energy efficiency challenges are therefore substantially affected by its business as an energy supplier, in terms of identifying potential energy savings for its customers, improving internal profitability by further boosting the performance of its electric power plants or by acting on its own corporate assets.

Three of GDF SUEZ's business lines - Energy Services (BES), Energy France (BEF), and Energy Europe & International (BEEI) - offer a very wide range of services. In particular, Energy Services designs and implements energy efficiency and environmental solutions through multi-technical offerings in engineering, installation and energy services. The other business lines also implement energy saving measures for their customers: in France, for example, the Group conducts some 100,000 energy saving operations every year, based on standard actions set out in the Energy Savings Certificates regulations.

For electricity generating facilities, energy performance is directly connected to the site's profitability. It is therefore a key action area for every power plant manager.

Finally, GDF SUEZ has begun improving the energy efficiency of its tertiary activities (signing the manifesto of the World Business Council for Sustainable Development [WBCSD] for action in this area at the end of 2009). This approach is applied to building management, business travel and information technology. In support of this, a network was set up in 2010 for the exchange of ideas and good practices, organized at the corporate level. The network will be progressively rolled out to other problem areas in energy management.

Indicator title	Scope covered in 2011 *(% relevant revenue)*	GDF SUEZ 2011	GDF SUEZ 2010
Primary energy consumption – total ■■	99.91%	559,590.4 GWh	403,092 GWh
Share of coal/lignite		32%	24.5%
Share of natural gas		62%	66.8%
Share of fuel oil (heavy and light)		2.3%	2.6%
Share of alternative fuels		1.7%	3.1%
Share of biomass		2.9%	4.1%
Share of waste		0.043%	0.1%
Share of other fuels		0.2%	0.2%
Electricity consumption (excluding auto-consumption) ■■	99.96%	7,619 GWh	6,520 GWh
Energy efficiency of fossil-fuelled power plants (including biomass) ■■	99.33%	41.9%	43.9%

■ *Verified by the Auditors with a "moderate" assurance.*
■■ *Verified by the Auditors with a "reasonable" assurance.*

3.4.4.4 Nuclear energy

Maintaining a very high level of safety at the seven nuclear power plants operated by GDF SUEZ is a key priority for the Group. GDF SUEZ also attaches great importance to limiting the environmental impact of these facilities (e.g. waste).

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 €4.003 billion at the end of 2011. The Belgian law of April 11, 2003 governs the terms for creating these specific provisions. A safety case, prepared by Synatom every three years, has been submitted to and approved by the Belgian Commission for Nuclear Reserves. Provisions were also made for the costs of dismantling nuclear plants after decommissioning, pursuant to the law of April 11, 2003. The provisions established at the end of 2011 amounted to €2.296 billion.

Indicator title	Scope covered in 2011 *(% relevant revenue)*	GDF SUEZ 2011	GDF SUEZ 2010
Radioactive gas emissions (1)			
• rare gases	100%	40.96 TBq	5.05 TBq
• iodines	100%	0.13 GBq	0.07 GBq
• aerosols	100%	0.14 GBq	0.01 GBq
Radioactive nuclear waste (weak and average activity)	100%	338.3 m^3	275.3 m^3
Radioactive liquid wastes			
• Beta and Gamma emitters	100%	21.49 GBq	10.08 GBq
• tritium	100%	88.42 TBq	102.57 TBq

(1) The Belgian Federal Agency for Nuclear Control has issued a new Directive on declaring radioactive waste. This new procedure has been applied since 2011 by the Doel nuclear power plant, which is the reason for the substantial changes in 2010 and 2011 data. Further changes are expected in 2012 when the Tihange nuclear power plant will also adopt the new procedure.

3.4.4.5 Water

Due to its many activities, the Group is involved in water management at two levels: as a water treater (water and sanitation services) and as a water user and consumer (in its energy businesses). This is why the indicators for water use and consumption in 2011 have been revised. They now include more of the collection and waste components as well as recycling and reuse. As a committed player in this area, GDF SUEZ was involved in preparing the World Water Forum and is taking part in the current debate over corporate risk disclosure and water stewardship, alongside organizations such as the World Business Council for Sustainable Development and the CEO Water Mandate of the UN Global Compact. The indicators reported relate to water consumption relating to the industrial process.

Indicator title [(1)]	Scope covered in 2011 *(% relevant revenue)*	GDF SUEZ 2011	GDF SUEZ 2010
Industrial and desalinated water			
• Total collection – soft water	99.70%	791.1 Mm^3	-
• Total collection – non-soft water	99.23%	2,128.3 Mm^3	-
• Total consumption [(2)] ■	99.60%	44 Mm^3	-
Cooling and heating water			
• Total collection – soft water	99.70%	6,329.1 Mm^3	-
• Total collection – non-soft water	99.23%	7,332.6 Mm^3	-
• Total consumption [(2)] ■	99.60%	192.2 Mm^3	-
Linear water loss rate ■■	98.05%	14.20 m^3/km/day	12.91 m^3/km/day
Pollution load treated in sanitation networks (DBO5 eliminated) ■■	100%	857 kt/year	691.8 kt/year

■ *Verified by the Auditors with "moderate" assurance.*

■■ *Verified by the Auditors with "reasonable" assurance.*

(1) In 2011, GDF SUEZ implemented a new procedure for measuring its impacts on water resources. Comparison with 2010 data is therefore not relevant.

(2) The total water consumption of SUEZ Environnement, including all types of water, is not included in this total and comes to 9,032,677.65 m^3. (see point 12 of the procedural note).

3.4.4.6 Waste

The percentage of waste recovered as materials or energy accounts for 47.7% of the total treated waste in the waste treatment sector. In the hazardous waste sector, SUEZ Environnement is also developing its high-temperature incineration operations or recovering this waste 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	Scope covered in 2011 (% relevant revenue)	GDF SUEZ 2011	GDF SUEZ 2010
Total quantity of non-hazardous waste and by-products discharged (including sludge) ■	99.74%	7,685,509.1 t	6,843,677 t
• Fly ash, Refioms	100%	2,960,837.7 t	3,131,016 t
• Ash, bottom ash	100%	2,592,226.7 t	2,328,439 t
• Desulphurization by-products	100%	292,995.6 t	278,721 t
• Sludge from waste water treatment and drinking water stations	98.53%	1,174,672.1 t	842,840 t
Total quantity of non-hazardous waste and by-products recovered (including sludge) ■	98.93%	5,783,807.3 t	5,406,842 t
Total quantity of hazardous waste and by-products discharged (excluding radioactive waste) ■■	99.77%	764,276 t	556,441 t
Total quantity of hazardous waste and by-products recovered (excluding radioactive waste) ■■	99.65%	39,776.5 t	17,308 t
Quantity of leachates collected in storage centers	100%	3.73 Mm^3	3.79 Mm^3
Quantity of leachates processed (externally or internally) ■	100%	3.73 Mm^3	3.79 Mm^3

■ *Verified by the Auditors with "moderate" assurance.*

■■ *Verified by the Auditors with "reasonable" assurance.*

3.4.4.7 Atmospheric pollutants

GDF SUEZ uses a wide range of techniques to further reduce its emissions: reduction at the source using a tailored energy package; filters or water injection to reduce particle emissions; installation of low-NOx burners or urea injection (secondary treatment) to control nitrogen oxides; and choosing fuels with very low sulfur content to reduce sulfur dioxide emissions.

Indicator title	Scope covered in 2011 (% relevant revenue)	GDF SUEZ 2011	GDF SUEZ 2010
NOx emissions ■	99.54%	170,186.3 t	106,515 t
SO_2 emissions ■	99.74%	196,563.5 t	184,924 t
Fine particle emissions ■	99.51%	13,276.2 t	7,924 t

■ *Verified by the Auditors with "moderate" assurance.*

■■ *Verified by the Auditors with "reasonable" assurance.*

3.4.4.8 Management of biodiversity

GDF SUEZ understands that protecting biodiversity is a key environmental challenge. The Group has therefore established broad guidelines for the preservation of biodiversity and has developed a corporate action plan for structuring the work done in the field by the various Group entities. To support this process, in May 2008 the Group established a partnership with the French Committee of the International Union for the Conservation of Nature (IUCN France). In 2009, GDF SUEZ also initiated a three-year study with France Nature Environnement on the preservation of natural habitats and biodiversity in France. Its ultimate aim is to provide a methodology for taking account of and promoting biodiversity in the design and management of the Group's sites and installations (existing or future), to explore the potential contribution of GDF SUEZ's facilities to environmental continuity, and to develop educational tools for biodiversity.

In addition, the Group supports IUCN initiatives and projects such as the French "Red List" of endangered species and studies on biodiversity.

The Group has set up an internal communications network in this area and is also developing internal tools. Conferences and information sessions are held for Group staff and in certain cases for more targeted populations such as site operators or infrastructure project developers. GDF SUEZ is also involved in preparatory work for new regulations, for example as part of the *Grenelle de l'environnement* (Environmental Summit) in France, with the "avoid, reduce, offset" guidelines.

3.4.4.9 Active prevention of environmental risks

To support the corporate audit program on the management of 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. These audits enable identification of any non-compliance with current regulations, detection of specific risks and implementation of corrective measures. In the water sector, each subsidiary is responsible for its own environmental risk management system. A centralized control system has been set up, similar to the one established for waste. Lastly risk prevention plans accompany or precede the implementation of an environmental management system.

In 2011, there were 159 claims and 24 fines for environmental damages, with total compensation amounting to €1,918,335. While this is very low considering the Group's size and the industrial nature of its activities, the Group actively monitors these data and implements actions to reduce them further. In 2011, environmental expenses (capital expenditure and recurring operating expenses related to environmental protection) totaled €2,782 million.

Indicator title	Scope covered in 2011 *(% relevant revenue)*	2011 data	2010 data
Environment-related claims	98.69%	159	98
Environment-related fines	98.68%	24	93
Amount of compensation *(€ thousands)*	98.51%	1,918.3	784
Environmental expenses *(€ millions)*	92.56%	2,782	5,690

The management of industrial and environmental risks has two components: risk prevention and crisis management.

Indicator title	2011 data	2010 data
Environmental analyses	78.20% relevant revenue	78.7% relevant revenue
Environmental risk prevention plan	81.83% relevant revenue	73% relevant revenue
Environmental crises management plan	85.54% relevant revenue	88.6% relevant revenue

The operating entities have implemented crisis management plans that involve two levels of response: an emergency standby system to ensure immediate mobilization of crisis management resources and a crisis mechanism, strictly speaking, to effectively manage crises throughout their duration. This plan specifically provides for 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 the training and education of crisis management teams, particularly through simulations, and developing a culture of dialogue among local teams and their outside contacts.

3.5 CORPORATE SOCIAL COMMITMENTS

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 crisis.

The Group's societal commitment is multi-dimensional and includes setting up investment and development projects to improve access to essential services, providing assistance to disadvantaged customers, supporting non-profit and public interest organizations and establishing partnerships. The Group has also implemented actions to support socio-economic development in the regions and local communities.

The Group strives to include CSR aspects in its tender bids, as well as long-term support at community level to improve acceptability of its industrial projects. This approach currently involves providing significant resources in terms of social empowerment, both at corporate level and in the Group's operating entities.

3.5.1 THE "GDF SUEZ RASSEMBLEURS D'ENERGIE" PROGRAM

Access to energy is key to combating poverty. In 2011, according to the International Energy Agency, 1.3 billion people (20% of the global population) lacked access to energy, 880 million lacked access to drinking water and 2 billion lacked access to sanitation. Generally a major concern for developing countries, the issue of energy access also affects developed countries. More than one in four people are faced with fuel poverty in Europe: the European Fuel Poverty and Energy Efficiency (EPEE) network estimates the total number of people faced with energy poverty at between 50 million and 125 million Europeans out of 500 million.

To help combat poverty and inequality, the Group launched its "GDF SUEZ Rassembleurs d'Energie" (Energy Gatherers) program in 2011. The program, which is global in scope, brings together and strengthens the GDF SUEZ Group's actions to increase access to energy and essential services for poor populations and to reduce fuel poverty in the countries where it operates or plans to operate. It also seeks to raise awareness and commitment on the part of its employees and the other stakeholders in the area of corporate social responsibility. Lastly, it aims to promote partnerships with NGOs, public authorities, other companies and the general public.

With the GDF SUEZ Rassembleurs d'Energie program, the Group provides technical and/or financial support for innovative projects launched by local social entrepreneurs, increasing the access of poor populations to sustainable energy and reducing energy insecurity worldwide, as well as helping to create new business models based on shared values.

The program relies on three levers:

- investment, through a social solidarity investment fund created in 2011 to support energy access projects in the form of equity investments in projects conducted by local social entrepreneurs;
- donations, through the "Energy For All" program created by the GDF SUEZ Foundation, for energy access micro-projects or prototypes preceding large-scale replication. In 2011, the Foundation helped to set up five energy access projects in France and worldwide;
- technical assistance, with the establishment of a voluntary skills transfer program at GDF SUEZ in connection with the Group's internal associations (notably Energy Assistance and CODEGAZ - see section 3.5.3).

3.5.2 ASSISTANCE FOR DISADVANTAGED CUSTOMERS

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.

An international observatory for energy and water insecurity

The Group implements specific policies to help customers in need in all countries where it operates. The ways it does this are varied, and may involve either the application of regulatory obligations or voluntary Group measures.

In December 2009, the Group established an in-house observatory on energy and water insecurity to identify and monitor the practices of the different GDF SUEZ subsidiaries towards disadvantaged customers, document best practices and success factors, and encourage the rise of "lifeline" products in France and worldwide. In November 2011, the Observatory held an international conference in Paris on energy insecurity which brought together some 150 participants involved in this issue on a global scale. The Group aims to highlight local initiatives and promote good practices by the various players involved.

An action program for France

Financial contribution

In France, GDF SUEZ helped to quickly implement the *Tarif Spécial de Solidarité* (lifeline rates – "TSS"), intended for the most disadvantaged customers, which assists both customers who have individual natural gas contracts for their principal residence and those in multi-unit buildings which have a communal natural gas-powered boiler. The Group also participates in the French solidarity housing fund. The fund provides financial assistance to disadvantaged individuals and families to enable them to obtain or maintain housing.

Support for social mediation

A mediator listening to customers

In France, GDF SUEZ customers have access to a mediator whose task is to handle disputes that are being resolved internally and out of court, when customers or citizens dissatisfied with the response received from the departments concerned. After contacting a customer directly, and then consulting with these departments, the mediator proposes a tailored solution. The mediator's ideas and suggestions also help to improve relations with the Group's 10 million customers. By virtue of their position, mediators are independent. Their activities and results are presented each year in a public report. They are specialized contact persons for the Group in France, particularly towards public and professional institutions.

Social Mediation Partners (SMPs)

The Energy France business line has created a network of mediation partners at over 240 customer assistance centers. Customers in difficulty can go to these centers, often run by non-profit organizations, for information, advice and guidance that can help them, for example, to avoid having their power shut off in the event of non-payment. The number of customers helped by this network has greatly increased: more than 30,000 customers have met with one of the Group's partners.

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. This action includes a visit by mediators to check the connections of cooking appliances and, if they are obsolete, defective or non-compliant, to replace them free of charge with screwed-tip flexible tubes with unlimited life. The Group pays for the program, allocating €3 million to it for the 2008-2010 period. The budget was renewed in 2011 and the continuation of ISIGAZ operations was included in the 2010-2013 Public Services Contract. More than 185,000 households, or 740,000 people, have already benefited from the initiative in 120 neighborhoods in 100 cities in France.

3.5.3 SUPPORT FOR NON-PROFIT AND VOLUNTARY SECTOR ORGANIZATIONS

For GDF SUEZ, social dialogue is central to its activities and businesses and is one of the foundations of their lasting success. It is built on trusted partnerships with recognized players in the non-profit world.

Partnership with Emmaüs

Emmaüs and GDF SUEZ signed a new 2010-2012 three-year agreement on February 12, 2010. In 2011, the Group continued and increased its assistance with initiatives including energy audits and energy efficiency improvements at Emmaüs community buildings, and training in water and energy management for employees and volunteers at Emmaüs-affiliated groups.

Partnership with employee-sponsored non-profit associations

The aim of the three humanitarian associations whose members are GDF SUEZ employees is to provide access to the essential services that contribute to the development of the world's most disadvantaged populations.

- CODEGAZ is a non-profit association created by GDF SUEZ employees in 1989, receiving public utility recognition in 2007. It has implemented more than 300 humanitarian projects in 16 countries since it was formed. It applies an integrated development policy, assisting disadvantaged populations in the areas of nutrition, access to water and sanitation, health, childhood, education and training, energy and economic micro-development.
- Energy Assistance has over 600 members and donors. The association has completed more than 120 long-term projects since its creation in 2001. Nearly 280 projects have been studied and 40 are currently under way. These projects facilitate energy access for health care centers, orphanages, schools, villages and community centers. All these sites are in isolated areas inhabited by poor populations on the margins of economic development.
- Created in 1994, Aquassistance has more than 700 members and organizes more than 80 projects worldwide. In 2010, it launched, continued or completed many projects in the area of water and waste management. It led actions in refugee camps in Thailand and Bangladesh, hydraulic projects in villages in Senegal and Togo and urgent interventions following the Port au Prince earthquake and the Pakistan floods.

University partners

The HEC "Business Sustainability" Chair was created in July 2010 by GDF SUEZ and the HEC *(Hautes Études Commerciales)* Group as part of a five-year partnership. The purpose of this chair is to contribute to a better understanding of the relationship between corporate performance and sustainable development. The HEC Paris-GDF SUEZ Chair is the responsibility of Rodolphe Durand, a professor at HEC Paris, the Director of the Corporate Strategy and Policy Department and head of business strategy specializations for the MBA and doctorate programs. He has written numerous academic papers and several books, and his prize-winning research focuses on the strategic, social and institutional determinants of corporate competitive advantage.

The goal of Fondaterra, the European Foundation for Sustainable Territories, which is a university partnership foundation formed by the *Université de Versailles Saint Quentin* in Yvelines, is to create a major interdisciplinary center of excellence in Europe in the area of local sustainable development. Fondaterra brings together a range of actors (individuals and organizations 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. As a strategic partner, GDF SUEZ helps to create pilot projects in four areas: energy efficiency of buildings, sustainable urban planning, sustainable territorial mobility, and the adaptation and social transition of territories to environmental changes.

In May 2010, GDF SUEZ signed a three-year partnership agreement with Éco-École in France. Éco-École is an international program of environmental and sustainable development education for elementary schools, middle schools and high schools. Éco-École is a label awarded to schools that are committed to eco-friendly operation and which include the program in their curricula. Developed by the Foundation for Environmental Education in Europe and sponsored by the Ministry of Education and supported by the Ministry of Ecology, Sustainable Development, Transportation and Housing, the objective of Éco-École is to produce concrete achievements in improving the environmental impact of participating schools.

3.6 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 3.3 and 3.4 of the Registration Document for fiscal year 2011 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 3.3.8 and 3.4.3 of the Registration Document (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.

Limited assurance

We conducted the following procedures in order to provide limited assurance that the selected Data [(I)], 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 Environment (BE).
- For the environmental data, we selected 39 entities [(II)] for which the following procedures were carried out: substantive tests at 50 sites belonging to these entities and analytical reviews and consistency tests at 39 selected entities. For the social data, we performed our procedures at 30 selected entities [(III)].

(I) *The Data is as follows [the contribution to Group data from the entities selected for our work is mentioned between parentheses. It includes the procedures carried out during our on-site visits and also additional work carried out at the entity level]: SO2 emissions (76%); NOx emissions (73%); Fine particle emissions (68%); Industrial and desalinated water (34%); Cooling water process consumption (71%); Non-hazardous waste and by-products discharged (78%); Non-hazardous waste and by-products recovered (80%); Quantities of leachates processed (89%); Proportion of apprentices in workforce (56%); Age pyramid (59%); % of employees under 25 years old as a % of permanent hires (61%);% of employees over 50 year old as a % of permanent hires (56%); number of permanent hires (at constant structure) (55%); number of temporary hires(at constant structure) (56%); Hiring rate (55%); Rate of hiring on permanent contract (55%); Turnover (in relation to number of resignations and dismissals) (53%); Voluntary turnover (in relation to number of resignations) (50%); Total number of training hours (60%); Number of training hours per person trained (60%);Days of absence per person (64%); Number of fatal accidents; Work-related accident frequency rate (FR)(in relation to the number of accidents with paid sick leave) (58%); Work-related severity rate (SR) (in relation to number of days of paid sick leave) (58%)*

(II) *BEEI: Electrabel SA (BU and Doel site), Electrabel Nederland (BU and Maxima site), Zandvliet Power, Tractebel Energia (BU, Jorge Lacerda site and consolidation review of Cana Brava, Salto Santiago, Salto Osorio, Itasa hydroelectricity plants), SENA (BU and Coleto Creek, Hays, Red Hills, Astoria Energy power plant sites), Glow (Glow Energy Phase 1&2, Glow Energy CFB3, Glow Phase 4, Glow SPPI, Glow SPP2 & 3, Glow IPP), Sohar, Al Kamil, TNP (BU and Pluak Daeng), HPPC (Huay Ho), Saltend, Deeside, Rugeley, Turbogas, Voghera, Dunamenti, GDF SUEZ Energy Romania, GDF SUEZ Energia Polska SA,Loy Yang B, Pelican Point Power, Hazelwood; B3G: GDF Suez E&P(BU and consolidation review of GDF Suez E&P UK Ltd), BEF: DK6, CNR, SPEM; BI: GrDF (one site and consolidation review): BES: Electricité de Tahiti (BU and Punaruu site), Cofely Espana (BU and Districtlima site), Cofely Sud Est (BU and SEVE site), Cofely Centre Ouest (BU and PSA Rennes site),; BE: Agbar (BU and Aguas de Murcia site), Degrémont (BU and Gabal and Samra), United Water (BU and Burbank and Idaho sites), Lyonnaise des Eaux France (BU and Dunkerque site), Sita France (BU, SMECO Pontmain and K2 Les Aucrais sites and Région Centre Ouest consolidation review), Sita UK (BU, Kirklees EFW and Jameson Road LF sites and consolidation review of Processiong North West region), Sita Czech Republic (BU and Hanou LF site), Teris France (BU and SCORI Airvault site), Sita Treatment (BU and Wos Hautrage site).*

(III) *BEEI: Electrabel, Electrabel Nederland, Glow, SENA, International Power America, Tractebel Energia Consolidated, LoyYang B, GDF Suez Energia Polska; B3G: DGC statut, Appro statut, Siège B3G statut; BEF: Savelys, CNR; BI:, GRTGaz, GrDF, Storengy; BES: Group Ineo , Cofely Netherland NV, Cofely Limited, Cofely Italia, Cofely France, Cofely IDF Tertiaire, Fabricom SA; BE: Sita France, Sita UK, Sita CZ, Sita Ile de France, Sita Centre Est (ex-MOS), Lyonnaise des Eaux France, United Water, Agbar, Eurawasser.*

- In addition, we have carried out analytical reviews and consistency tests for 6 additional entities(IV) for environmental reporting and 14 additional entities(V) for social reporting.
- We examined, on a sampling basis, the calculations and verified the Data reporting at different consolidation levels.

Reasonable assurance

For the indicators (VI) 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, Mr. Eric Dugelay for Deloitte & Associés and Mrs. Emmanuelle Rigaudias for Mazars.

Comments on the procedures

We have the following comments on the reporting process:

Environmental reporting

There were several significant changes in the reporting process in 2011, with the shortening of reporting deadlines and the extension of the reporting scope to new entities (including International Power entities). In addition, the Reporting Criteria has changed for the monitoring of water consumption in order to better consider the Group's impact on water resources. The internal control system in place should be reinforced at the branch level for all the water consumption indicators, the linear water loss rate, and for the revenue calculation for management indicators (relevant revenues covered by EMAS and ISO14001 certifications).

Social reporting

The strengthening of the internal control system over the past several years should be pursued for all the entities, particularly for the "percentage of trained workforce," "number of training hours" and "days of absence" indicators used for calculating the "severity rate".

Conclusion

Limited assurance

We express a qualification on the following Data:

- The indicator "Industrial water consumption" presents an uncertainty due to the numerous anomalies that were identified and corrected within the selected sites of the Energy Europe and International (BEEI) branch.

Based on our review and subject to the above-mentioned qualification, we did not identify any anomalies likely to call into question the fact that the Data identified by the symbol ■ was prepared, in all material aspects, in accordance with the above-mentioned Reporting Criteria.

Reasonable assurance

In our opinion, the Data identified by the symbol ■■ was prepared, in all material aspects, in accordance with the above-mentioned Reporting Criteria.

Signed in Neuilly-sur-Seine and Paris-La Défense, March 6, 2012.

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres	MAZARS
Véronique Laurent	Pascal Macioce	Isabelle Sapet
Pascal Pincemin	Charles-Emmanuel Chosson	Thierry Blanchetier

(IV) GNL Division, Sita Waste Services, Sita Netherlands, Sita Australia, Sita Deutschland, Hidd.

(V) N-Allo, Distrigaz Sud, GDF Management CO/CHP, Endel, Axima France, Cofely Services, Cofely AG, Cofely Sud Ouest, Sita Sud, Sita Nederlands, Sita Polska, Sita Deutschland, LYDEC, Elengy.

(VI) This Data is as follows [contribution to Group data from the entities selected for our work is mentioned between parentheses. 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 ISO14001 certified management systems (52%); Renewable energy – installed capacity (56%); Renewable energy – electricity and heat produced and sold (64%); Primary energy consumption (60%);Electricity consumption (74%); Energy efficiency fossil-fuelled power plants (in relation to energy production) (58%); Greenhouse gas emissions (excluding tertiary emissions) (66%); the linear water loss rate (85%); Pollution load treated (purification) (92%); Hazardous waste and by-products discharged (87%); Hazardous waste and by-products recovered (35.3%); Energetic recovery related to treatment of waste (electricity) (99.9%); Energetic recovery related to treatment of waste (heat) (88.3%); Total workforce (59%); Total managers (52%); Total non-managers (senior technicians, supervisors and workers, employees and technicians) (61%); Female workforce (56%); Proportion of women in the workforce (56%); Proportion of workforce trained (58%).

4

Corporate governance

4.1 REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This Report, which was prepared by the Chairman of the Board of Directors pursuant to Article L.225-37 of the French Commercial Code, includes for 2011 information regarding the composition of the Board of Directors and application of the principle of balanced representation of women and men within it, the conditions under which the Chairman prepared and organized its work, the internal control and risk management procedures implemented by the Company and any limitations imposed by the Board of Directors on the powers of the General Management. The Report outlines the statutory provisions applied to the calculation of compensation and benefits of any kind granted to the corporate officers. The Report, after being submitted to the Executive Committee for approval, was presented to the Audit Committee for information purposes. It was then approved by the Board of Directors at its meeting of February 8, 2012.

4.1.1 BOARD OF DIRECTORS: COMPOSITION – TERMS OF OFFICE – INFORMATION – INDEPENDENCE

4.1.1.1 Composition of the Board of Directors

Pursuant to Article 13 of the Company bylaws and the provisions of Articles L.225-17, L.225-23 and L.225-27 of the French Commercial Code regarding the composition of the Board of Directors resulting from a merger, the Board of Directors of GDF SUEZ is composed of a maximum of 22 members.

The term of office of member of the Board of Directors is four years. The term of office of Directors appointed by the General Shareholders' Meeting expires 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. The term of office of Directors elected by the employees shall come to an end upon declaration of the results of the elections for the renewal or replacement of exiting employee Directors in accordance with the bylaws.

As of December 31, 2011, the Company is administered by a Board of Directors composed of 22 members, including:

- twelve Directors appointed by the General Shareholders' Meeting pursuant to the provisions of the French Commercial Code relating to public limited companies;
- six Directors representing the French State, appointed pursuant to Article 2 of the French Legislative Decree of October 30, 1935, taking into account GDF SUEZ's status as a privatized company and the fact that 36% of its share capital is owned by the French State;
- three Directors representing employees and one Director representing employee shareholders, pursuant to article 8-1 of the French Privatization Act no. 86-912 of August 6, 1986.

The Board of Directors includes four women Directors out of 22. Act No. 2011-103 of January 27, 2011 and the AFEP-MEDEF Code impose a principle of balanced representation of men and women on boards of directors. In assessing the ratio of women to men on boards of directors, the law and the code stipulate that directors who are employee representatives – who are not elected by the General Shareholders' Meeting – are not taken into account. As the Board of Directors of GDF SUEZ includes three Directors representing employees, the assessment is based on 19 Directors, three of whom are women (a ratio of 15.8%).

Out of 22 members of the Board of Directors, 10 members are considered independent (see section 4.1.1.5 "Independence of Directors in office - Conflicts of interest").

4.1.1.2 Directors at December 31, 2011

DIRECTORS APPOINTED BY THE GENERAL SHAREHOLDERS' MEETING

	Date of first appointment	Date of last appointment	End of current term	Address
Gérard Mestrallet (62 years old) *Chairman & Chief Executive Officer*	July 16, 2008	-	2012	GDF SUEZ 1, place Samuel de Champlain 92400 Courbevoie
Jean-François Cirelli (53 years old) *Vice-Chairman and President*	Sept. 15, 2004	July 16, 2008	2012	GDF SUEZ 1, place Samuel de Champlain 92400 Courbevoie
Albert Frère* (85 years old) *Vice-Chairman*	July 16, 2008	May 2, 2011	2015	Groupe Bruxelles Lambert 24, avenue Marnix 1000 Brussels (Belgium)
Edmond Alphandéry* (68 years old)	July 16, 2008	May 2, 2011	2015	CNP Assurances 4, place Raoul Dautry 75015 Paris
Jean-Louis Beffa* (70 years old)	Nov. 20, 2004	July 16, 2008	2012	Saint-Gobain Les Miroirs 18, avenue d'Alsace 92096 La Défense Cedex
Aldo Cardoso* (55 years old)	Nov. 20, 2004	May 2, 2011	2015	45, boulevard de Beauséjour 75016 Paris
René Carron* (69 years old)	July 16, 2008	May 2, 2011	2015	FARM 100 boulevard du Montparnasse 75014 Paris
Paul Desmarais Jr* (57 years old)	July 16, 2008	-	2012	Power Corporation of Canada 751 Victoria Square Montreal, H2Y 2J3, Quebec (Canada)
Anne Lauvergeon* (52 years old)	July 16, 2008	-	2012	14 avenue Pierre 1er de Serbie 75116 Paris
Françoise Malrieu* (65 years old)	May 2, 2011	-	2015	19 avenue Léopold II 75016 Paris
Thierry de Rudder* (62 years old)	July 16, 2008	May 2, 2011	2015	Groupe Bruxelles Lambert 24, avenue Marnix B-1000 Brussels (Belgium)
Lord Simon of Highbury* (72 years old)	July 16, 2008	-	2012	1 St James Square London SW1Y 4PD (United Kingdom)

* *Independent Director.*

DIRECTORS REPRESENTING THE FRENCH STATE

	Date of first appointment	Date of last appointment	End of current term	Address
Jean-Paul Bailly (65 years old)	July 16, 2008	-	2012	La Poste 44, boulevard de Vaugirard – CP F 601 75757 Paris Cedex 15
Bruno Bézard (48 years old)	Dec. 24, 2010		2012	French Embassy in China Pacific Century Place, Unit 1015, Tower A 2A Gong Ti Bei Lu Chaoyang District, Beijing, 100027 (China)
Olivier Bourges (45 years old)	Oct. 5, 2009	-	2012	Ministry of Finance and Industry French State Shareholding Agency 139, rue de Bercy Télédoc 228 75572 Paris Cedex 12
Pierre-Franck Chevet (50 years old)	July 16, 2008	-	2012	Ministry of Ecology, Sustainable Development, Transport and Housing Ministry of Finance and Industry Directorate-General for Energy and Climate Arche de La Défense – Paroi Nord 92055 La Défense Cedex
Ramon Fernandez (44 years old)	Mar. 27, 2009	-	2012	Ministry of Finance and Industry Directorate-General for the Treasury and Economic Policy 139, rue de Bercy Télédoc 230 75572 Paris Cedex 12
Pierre Mongin (57 years old)	Nov. 9, 2009		2012	RATP 54 quai de la Rapée 75599 Paris Cedex 12

DIRECTORS ELECTED TO REPRESENT EMPLOYEES

	Date of first appointment	Date of last appointment	End of current term	Address
Alain Beullier (47 years old)	Jan. 21, 2009	-	2013	Elengy 8, quai Emile Cormerais BP 90347 44816 Saint-Herblain Cedex
Anne-Marie Mourer (52 years old)	Jan. 21, 2009	-	2013	GrDF Sud-Est Immeuble VIP 66, rue de la Villette 69425 Lyon Cedex 03
Patrick Petitjean (59 years old)	Jan. 21, 2009	-	2013	GRTgaz 26, rue de Calais 75009 Paris

DIRECTORS REPRESENTING EMPLOYEE SHAREHOLDERS APPOINTED BY THE GENERAL SHAREHOLDERS' MEETING

	Date of first appointment	Date of last appointment	End of current term	Address
Gabrielle Prunet (56 years old)	May 4, 2009	-	2013	Lyonnaise des Eaux Pays Basque 15, avenue Charles Floquet BP 87 64202 Biarritz Cedex

4.1.1.3 Information about Directors in office at December 31, 2011

Directors appointed by the General Shareholders' Meeting

Gérard Mestrallet, born April 1, 1949 in Paris (18th 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 CEO of Suez, Gérard Mestrallet was appointed Chairman and CEO of GDF SUEZ on July 22, 2008. He is also the Chairman of 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 2011	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*(**) (France), GDF SUEZ Belgium (**) (Belgium) Vice-Chairman of the Board of Directors of Electrabel (**) (Belgium), Aguas de Barcelona* (**) (Spain), Chairman of the simplified joint stock company GDF SUEZ Rassembleurs d'Énergies (**) Director of Saint-Gobain* (France), Pargesa Holding SA* (Switzerland) and International Power (**) (United Kingdom)	Chairman and Chief Executive Officer of Suez* Chairman of the Board of Directors of SUEZ Environnement* (France), SUEZ-TRACTEBEL, Electrabel (Belgium) and Hisusa (Spain) Vice-Chairman of the Board of Directors of Hisusa (Spain) Member of the Supervisory Board of AXA*

* *Listed company.*
(**)GDF SUEZ Group.

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 with the Treasury Department at the Ministry of Economy and Finance before becoming Technical Advisor to the French President from 1995 to 1997, then Economic Advisor from 1997 to 2002. In 2002, he was appointed Deputy Chief of Staff to Prime Minister Jean-Pierre Raffarin, in charge of economic, industrial and corporate affairs. Former Chairman and Chief Executive Oficer of Gaz de France fom 2004 to 2008, 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 2011	Other directorships and offices held within the past five years
Vice-Chairman, President	Chairman of the Board of Directors of Gaselys SAS (**) (France), Electrabel (**), and Eurogas (Belgium) Vice-Chairman of the Corporate Foundation of GDF SUEZ (**) Director of GDF SUEZ Energy Services (**), SUEZ Environnement Company*(**) (France), GDF SUEZ Belgium (**) (Belgium), and International Power* (**) (United Kingdom) Member of the Supervisory Board of Vallourec*	Chairman and Chief Executive Officer of Gaz de France* President of Gaz de France Corporate Foundation Vice-Chairman of SUEZ-TRACTEBEL and Eurogas (Belgium) Director of Neuf Cegetel* (France) Member of the Supervisory Board of Atos Origin*

* *Listed company.*

(**)GDF SUEZ Group

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 2011	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 of Directors and CEO of Groupe Bruxelles Lambert* (Belgium) Chairman of the Board of Directors of ERBE, Frère-Bourgeois, and Financière de la Sambre (Belgium), Stichting Administratiekantoor Frère-Bourgeois (the 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* (France) Honorary Chairman of the Chamber of Commerce and Industry of Charleroi (Belgium) Director of LVMH*, non-commercial company of Château Cheval Blanc (France), and Les amis des aveugles de Ghlin (Belgium) Permanent Representative of Frère-Bourgeois, Director of GBL Verwaltung SARL and GBL Energy (Luxembourg) Permanent representative of Beholding Belgium SA on the Board of Directors of Groupe Arnault Member of the Strategy Planning Board of the Committee of the Université Libre de Bruxelles (Belgium) Honorary International Trade Advisor (Belgium)	Vice-Chairman of the Board of Directors of Suez* Chairman of the Board of Directors of Fingen SA (Belgium) Director of Gruppo Banca Leonardo (Italy) and Raspail Investissements (France) Member of the International Committee of Assicurazioni Generali SpA* (Italy)

* *Listed company.*

Edmond Alphandéry, born September 2, 1943 in Avignon (Vaucluse), is a French citizen.

A graduate of the *Institut d'Études Politiques de Paris* and a qualified lecturer *(agrégé)* in economics, he is a Professor Emeritus at the University of Paris II. He served as mayor of Longué-Jumelles and member of the Maine-et-Loire departmental council until 2008 and was Minister of the Economy from March 1993 to May 1995. He chaired the Supervisory Board of CNP from 1988 to 1993 and was the Chairman of Électricité de France from 1995 to 1998. Since July 1998, he has again served as Chairman of CNP Assurances. He has also been a director of Calyon and subsequently Crédit Agricole CIB since 2002 and of Neovacs since 2011. Since June 2003, he has also served as Chairman of the *Centre National des Professions Financières* (Regional Center for the Financial Professions).

A former Director of Suez and Icade, 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 2011	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 Crédit Agricole CIB (formerly Calyon), Neovacs, (France), Caixa Seguros (Brazil) and CNP Vita (Italy) Chairman of the Centre National des Professions Financières (France) Member of the Nomura Securities (United Kingdom) European Advisory Panel	Chairman of the Supervisory Board de CNP Assurances* Director of the publishing company Affiches Parisiennes, Suez* and Icade Member of the European Advisory Board of Lehman Brothers

* *Listed company.*

Jean-Louis Beffa, born August 11, 1941 in Nice (Alpes-Maritimes), is a French citizen.

A graduate of the École Polytechnique, 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. In 1974, he joined Compagnie de Saint-Gobain as Vice-President of Planning until 1977. From 1978 to 1982, he served as Chief Executive Officer then Chairman and CEO of Pont-à-Mousson SA. He also served concurrently as Director of the Pipe and Mechanics Division of Saint-Gobain, from 1979 to 1982. Mr. Beffa served as Chairman and Chief Executive Officer of Saint Gobain from January 1986 to June 2007, having served as the group's Executive Director from 1982 to 1986. From June 2007 to June 2010, Jean-Louis Beffa served as the Chairman of the Board of Directors of Compagnie de Saint-Gobain, before becoming its honorary Chairman.

A former Director of Gaz de France, Jean-Louis Beffa was appointed Director of GDF SUEZ on July 16, 2008, as well as Chairman of the Nominations Committee and member of 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 2011	Other directorships and offices held within the past five years
Director Chairman of the Nominations Committee Member of the Compensation Committee	Chairman of Claude Bernard Participations SAS and JL2B Conseil Joint Chairman of the Centre Cournot pour la recherche en économie Vice-Chairman of the Supervisory Board of the Fonds de Réserve des Retraites (pension fund) Director of Saint-Gobain* (France) and Groupe Bruxelles Lambert* (Belgium), Saint-Gobain Corporation (US) Member of the Supervisory Board of Le Monde, Société Éditrice du Monde, Le Monde & Partenaires Associés SAS (France), and Siemens AG* (Germany) Senior Advisor of Lazard Frères (France) Chairman of Asia Investment Banking at Lazard	Chairman and Chief Executive Officer of Saint-Gobain* Chairman of the Board of Directors of Saint-Gobain* Chairman of the Supervisory Board of the Agence de l'Innovation Industrielle Vice-Chairman of the Board of Directors of BNP Paribas* Director of Gaz de France* and Saint-Gobain Cristaleria (Spain) Permanent representative of Compagnie Saint-Gobain on the Board of Directors of Saint-Gobain PAM

* *Listed company.*

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 Directors of Andersen Worldwide (1998), Chairman of the Board of Directors (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.

A 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 2011	Other directorships and offices held within the past five years
Director Chairman of the Audit Committee	Director of Bureau Veritas*, Imerys*, GE Corporate Finance Bank SAS (France), and Mobistar* (Belgium) Non-voting Director of AXA Investment Managers (France)	Director of Gaz de France*, Penauilles Polyservices*, Orange*, Accor*, Gecina*, and Rhodia* Non-voting Director of Bureau Veritas*

* *Listed company.*

René Carron, born June 13, 1942 in Yenne (Savoie), is a French citizen.

René Carron runs a farm in Yenne. He has held a variety of elected offices in the Savoie region of France. 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, remaining in this office until March 2010. 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.

A former Director of Suez, René Carron was appointed Director of GDF SUEZ on July 16, 2008, member of the Nominations Committee on July 22, 2008 and member of the Compensation Committee on May 3, 2010.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director Member of the Nominations Committee Member of the Compensation Committee	Chairman of the FARM Foundation and the Grameen Foundation of Crédit Agricole Vice-Chairman of IPEMED Director of Fiat S.p.A.* (Italy)	Chairman of the Board of Directors of Crédit Agricole SA* Chairman of the Caisse Locale du Crédit Agricole de Yenne, GIE GECAM, the Caisse Régionale de Crédit Agricole des Savoie and the Confédération Internationale du Crédit Agricole (CICA) Vice-Chairman of the Confédération Nationale de la Mutualité de la Coopération et du Crédit Agricole (CNMCCA) and the Fédération Nationale du Crédit Agricole Director, Vice-Chairman of Banca Intesa (Italy) Director of Rue Impériale, SAS SAPACAM, Sofinco, Suez*, Crédit Agricole Solidarité et Développement, Fondation du Crédit Agricole Pays de France, Sacam Participations and Scicam Member of the Supervisory Board de Eurazeo and Lagardère* Crédit Agricole Permanent Representative on the Board of Fondation de France

* *Listed company.*

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-Chief Executive Officer of Power Corporation of Canada in 1996.

A former Director of Suez, Paul Desmarais Jr was appointed Director of GDF SUEZ on July 16, 2008, and member of the Nominations Committee and of the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director Member of the Nominations Committee Member of the Compensation Committee	Chairman and Co-Chief Executive Officer 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* and Total* Member of the International Board and the Board of Directors 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 company.*

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 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. From June 1999 to July 2011, she was Chairman and CEO of Areva NC (formerly Cogema) and from July 2001 to June 2011 she was Chairman of the Executive Board of the Areva Group. Anne Lauvergeon has been Chairman of the Supervisory Board of *Libération* (newspaper) since October 2011.

Former Director of Suez, Anne Lauvergeon was appointed a Director of GDF SUEZ on July 16, 2008, and member of the Strategy and Investment Committee and of the Ethics, the Environment and Sustainable Development Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director Member of the Strategy and Investment Committee Member of the Ethics, Environment and Sustainable Development Committee	Member of the Supervisory Board of Libération Director of Total* (France) and Vodafone Group Plc* (UK)	Chairman of the Executive Board of Areva* Chairman and Chief Executive Officer of Areva NC (formerly Cogema) Vice-Chairman of the Supervisory Board of Safran* Director of Suez*, Areva T&D Holding SA and Areva Enterprises Inc. (USA)

* *Listed company.*

Françoise Malrieu, born February 7, 1946 at Savigny-sur-Orge (Essonne), is a French citizen.

A graduate of HEC School of Management, Françoise Malrieu began her career in 1968 at BNP. In 1979, she became Assistant to the Director of the Financial Analysis Department, before becoming Director of this department in 1983. She joined Lazard Frères et Cie in 1987 as Director of Financial Affairs. She was later appointed Manager in 1993, and then Managing Partner. In 2001, she joined Deutsche Bank France as Managing Director. She was appointed Chief Executive Officer of the Société Financière de Grenelle in 2004.

From 2006 to 2009, she was Senior Advisor at Aforge Finance, an independent consultancy active in mergers, acquisitions and restructuring. At the end of 2008, she helped to create the Société de Financement de l'Économie Française, where she is currently Chairman of the Board of Directors and of the Audit Committee. She also performs a variety of roles in the non-profit sector and is notably a Director of Ares and Chairman of Arescoop.

Françoise Malrieu was appointed a Director of GDF SUEZ on May 2, 2011.

Directorships and offices held in Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director	Deputy Controller on the Taskforce to Control the Compensation of Financial Market Professionals Chairman of the Board of Directors of the Société de Financement de l'Économie Française (SFEF) Director of La Poste and Aéroports de Paris*	Chief Executive Officer of Société Financière de Grenelle Senior Advisor of Aforge Finance Deputy Controller on the Taskforce to Control the Compensation of Financial Market Professionals

* *Listed company.*

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.

A former Director of Suez, Thierry de Rudder was appointed Director of GDF SUEZ on July 16, 2008, and member of the Audit Committee and of the Strategy and Investment Committee on July 22, 2008. He was appointed Chairman of the Strategy and Investment Committee on May 3, 2010.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director Chairman of the Strategy and Investment Committee Member of the Audit Committee	Managing Director of Groupe Bruxelles Lambert* (until Dec. 31, 2011) Chairman of the Permanent Committee and Vice-Chairman of Groupe Bruxelles Lambert (as of Jan. 1, 2012) Director of Lafarge*, Total* (until Jan. 12, 2012) (France), Brussels Securities, GBL Treasury Center, Ergon Capital Partners, Ergon Capital Partners II, Ergon Capital Partners III (formerly-GBL Participations), Sagerpar (Belgium), GBL Energy Sarl, GBL Verwaltung Sarl (Luxembourg) and GBL Verwaltung GmbH (Germany)	Director of Suez*, Imerys* (France), Immobilière Rue de Namur, GBL Finance SA (Luxembourg), SUEZ-TRACTEBEL, and Compagnie Nationale à Portefeuille* (Belgium)

* *Listed company.*

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 held 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 entered the House of Lords in 1997.

A 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 2011	Other directorships and offices held within the past five years
Director Chairman of the Compensation Committee	Senior Advisor of Morgan Stanley International (Europe) and MWM Board Consultants (United Kingdom) Chairman of the Advisory Board of Montrose Associates Limited (UK) Director of Institute of Government (UK) Member of the Board of Directors of the Centre for European Policy Studies (Belgium) 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)	Director of SUEZ* Deputy Chairman of Unilever Plc* and Cambridge University Council (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 company.*

Directors representing the French State

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 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 Corporate and Personnel Chairman since 2010. Between 1997 and 2001, he served as Chairman of the *Union Internationale des Transports Publics* (International Union for Public Transport – UITP) and the International Post Corporation (IPC) between 2006 and 2010.

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 State by ministerial order of July 16, 2008 and 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 2011	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 and Edenred* Member of the Supervisory Board of La Banque Postale Asset Management Permanent Representative of La Poste, Director of Xelian, Poste Immo, Sofipost, and GeoPost	Director of Systar* Permanent Representative of La Poste, Director of the Groupement des Commerçants du Grand Var Economic Interest Group (GIE) Permanent Representative of La Poste, Chairman of SF12 Non-shareholding Director of Financière Systra

* *Listed company.*

Bruno Bézard, born May 19, 1963 in Chauny (Aisne), is a French citizen.

Inspector General of Finance and an alumnus of the *École Polytechnique* and the *École Nationale d'Administration*, Bruno Bézard served as a finance inspector at the French Inspectorate General of Finance from 1988 to 1992. He subsequently held various positions at the Treasury Department until January 2000. Successively Deputy Chief of Staff for the Minister of Economy, Finance and Industry, sub-Director in the Treasury Department for development assistance, multilateral banks and emerging countries and Vice-Chairman of the *Club de Paris*, he went on to serve as Economic and Financial Advisor to the Prime Minister from mid-2001 to April 2002. From April 2002 to March 2003, he was Head of the Equity Investments Department at the Treasury Department before being appointed Deputy Managing Director of the French State Shareholding Agency (APE) in March 2003 and then its Managing Director in February 2007. Since September 2011, Bruno Bézard has been Minister Counselor for Economic and Financial Affairs and Head of the Regional Economic Department at the French Embassy in Beijing.

Bruno Bézard was appointed Director representing the French State by ministerial order of December 24, 2010, replacing Pierre Graff.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director	None	Director of EDF*, Areva*, La Poste*, SNCF*, Air France KLM*, FSI, Thales* and France Télécom*

* *Listed company.*

Olivier Bourges, born December 24, 1966, in Auxerre (Yonne), is a French citizen.

A graduate of the *Institut d'Études Politiques de Paris* and the *École Nationale d'Administration*, Olivier Bourges was Head of the National Banking Agency at the French Treasury from 1992 to 1996, thereafter serving until June 1998 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 of the French State Shareholding Agency (APE).

Olivier Bourges was appointed Director representing the French State by ministerial order on October 5, 2009, member of the Audit Committee and of the Strategy and Investment 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 2011	Other directorships and offices held within the past five years
Director Member of the Audit Committee Member of the Strategy and Investment Committee Member of the Compensation Committee	Director of Dexia*, Thales*, La Poste, and Grand Port Maritime de Marseille	Director of Banques Populaires Caisses d'Épargne

* *Listed company.*

Pierre-Franck Chevet, born September 28, 1961 in Grenoble (Isère), is a French citizen.

A graduate of the *École Polytechnique*, and the *École Nationale de la Statistique et de l'Administration Économique*, 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 industry advisor roles within the office of the Prime Minister. In July 2008, he was named Executive Director for Climate and Energy at the Ministry of Ecology, Energy, Sustainable Development and the Sea, and in December 2010, Executive Director for Energy and Climate at the Ministry of Ecology, Sustainable Development, Transportation and Housing.

Pierre-Franck Chevet was appointed Director representing the French State by ministerial order of July 16, 2008 and member of the Strategy and Investment Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director Member of the Strategy and Investment Committee	Executive Director for Energy and Climate at the Ministry of Ecology, Sustainable Development, Transportation and Housing and within the Ministry of Finance and Industry Director of the Agency for Environment and Energy Management (ADEME) Director representing the French State at the French Institute of Petroleum (IFP) and La Poste Member of the Supervisory Board of Areva representing the French State Government Commissioner with Areva NC, ANDRA, and the French Energy Regulatory Committee (CRE) Member of the Governing Board of the International Energy Agency (IEA) and of the Atomic Energy Commission	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. Seconded to Washington from 1997 to 1999, he was an Alternative Executive Director of the International Monetary Fund. He returned to the Treasury Department and was Head of the Energy, Telecommunications and Raw Materials office there until 2001, before becoming Head of the Savings And Financial Markets office.

From May 2002 until October 2003, he was Technical Advisor to the Minister of 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 Technical Advisor to the French President, then Chief of Staff to the Minister of Labor, Corporate 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 at the Ministry of Finance and Industry since March 2009.

Ramon Fernandez was appointed Director representing the French State by ministerial order of March 27, 2009 and member of the Nominations Committee of GDF SUEZ on May 4, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director Member of the Appointments Committee	Executive Director of the Treasury at the Ministry of Finance and Industry Chairman of the Advisory Committee on Legislation and Financial Regulation Chairman of the Agence France Trésor and the Club de Paris Governor for France of the African Development Group Bank Deputy Governor for France of the World Bank, the European Bank for Reconstruction and Development and the International Bank for Reconstruction and Development Director of the Agence de coopération technique internationale and the Société de financement de l'économie française Director, as representative of the French State, of CNP Assurances* and CADES (Caisse d'Amortissement de la dette sociale) Government Commissioner with the AMF Member of the Supervisory Board of the Caisse des Dépôts et Consignations Member of the High Council for the Future of Medical Insurance Member of the Council for Economic Analysis Member of the High Council for the Public Sector	Director of the Banque Centrale des États d'Afrique de l'Ouest Member of the Supervisory Board of the BPCE Bank representing the French government

* *Listed company.*

Pierre Mongin, born August 9, 1954, in Marseille (8th district) is a French citizen.

Chairman and Chief Executive Officer of RATP (Paris Transport Authority) since July 12, 2006, Pierre Mongin has devoted much of his career to prefectural administration and ministerial offices.

After obtaining a Master's degree in Economics from the University of Paris I and a degree from the *Institut d'Études Politiques* in Paris, he went on to the prestigious *École Nationale de l'Administration*, graduating in 1980. From 1980 to 1984 he served three terms as Assistant Prefect in the territorial departments of Ain, Ariège and Yvelines. In 1984, he joined the Ministry of the Interior as a Technical Advisor to the National Police Force. In 1986, he was appointed Advisor to the Minister of the Interior for Local Authorities and Chief of Staff to the Deputy Minister for 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 to Prime Minister Edouard Balladur and Advisor to the French Overseas Departments and Territories. He was appointed Prefect in 1993. He subsequently served in two territorial departments: l'Eure-et-Loir and Vaucluse from 1995 to 1999. He served as Prefect of the Auvergne and Prefect of Puy de Dôme regions from 2002 to 2004. He was appointed Chief of Staff to the Minister of the Interior in 2004, then Chief of Staff to Prime Minister Dominique de Villepin in 2005. He left the French government to go back to RATP in July 2006.

Pierre Mongin was appointed Director representing the French State by ministerial order of November 9, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director	Chairman and Chief Executive Officer of RATP Chairman of the Board of Directors of international engineering company SYSTRA Chairman of the Supervisory Board of RATP Dev Vice-Chairman of FACE (Fondation Agir Contre l'Exclusion) Member of the Steering Committee of Domaine de Chambord	Director of TRANSDEV and TRANSDEV Financial

Directors representing employees and employee shareholders

Alain Beullier, born March 26, 1964 in Laval (Mayenne), is a French citizen.

Alain Beullier 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.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	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, née le 20 avril 1959, à Clermont-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 postgraduate degree in Marketing, 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 Lyon to conduct appraisal activities as an in-house marketing consultant. From 1996 to 2001, she headed up Direct Energy, 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 Rhône-Alpes-Bourgogne region. In 2007, she was appointed program manager to assist with the switchover and provide commercial expertise within GrDF, the wholly owned subsidiary for natural gas distribution within France, in anticipation of the transition to a free market system for residential customers. In 2011 she obtained the Company Director certificate issued by the *Institut Français des Administrateurs* (French Institute of Corporate Directors) in partnership with the *Institut d'Études Politiques*.

Anne-Marie Mourer was elected Director representing employees in the "Engineers, Executives and Equivalent" category by employee vote on January 20, 2009, and appointed member of the GDF SUEZ Ethics, Environment and Sustainable Development Committee on July 8, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Director Sponsored by the Federation of the Gas and Electricity Industries – CFE-CGC trade union Member of the Ethics, Environment and Sustainable Development Committee	None	Director of Gaz de France* and GrDF

* *Listed company.*

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 Gennevilliers. 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 elected 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 2011	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

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 has 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 2011	Other directorships and offices held within the past five years
Director Sponsored by the Federation of Public Utilities - CGT trade union	Chairman of the Supervisory Board of the SPRING funds Chairman of the Supervisory Board of the LINK funds	None

4.1.1.4 Number of GDF SUEZ shares and stock options held by Directors in office at December 31, 2011

	Number of shares	Number of stock options
Gérard Mestrallet	57,566	1,127,244
Jean-François Cirelli	4,272	0
Albert Frère	1,911	-
Edmond Alphandéry	2,923	-
Jean-Paul Bailly	*	-
Jean-Louis Beffa	4,200	-
Alain Beullier	51	-
Bruno Bézard	*	-
Olivier Bourges	*	-
Aldo Cardoso	1,000	-
René Carron	3,360	-
Pierre-Franck Chevet	*	-
Paul Desmarais Jr	2,121	-
Ramon Fernandez	*	-
Anne Lauvergeon	2,184	-
Françoise Malrieu	1,300	-
Pierre Mongin	*	-
Anne-Marie Mourer	51	-
Patrick Petitjean	101	-
Gabrielle Prunet	*	-
Thierry de Rudder	2,189	-
Lord Simon of Highbury	1,911	-

* *The bylaws requirement to hold at least 50 shares in the company does not apply to Directors representing the French State or to the Director representing employee shareholders.*

4.1.1.5 Independence of Directors in office – Conflicts of interest

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 Director was reviewed by the Nominations Committee during its meeting of February 1, 2012, and again on February 8, 2012, 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 independent, a Director must:

- not be an employee or corporate 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 previous five years;
- not be a corporate officer of a company in which the Company holds, directly or indirectly, a directorship or in which an employee appointed as a Director or a corporate officer of the Company (currently in office or in office within the last five years) holds a directorship;
- not be (and must not be related, directly or indirectly) to a customer, supplier or corporate or investment banker of

significance to the Company or its Group, or of which a significant share of the business is provided by the Company or its Group;

- have no close family ties with a corporate officer;
- not have served as an auditor of the Company during the previous five years (Article L. 225-25 of the French Commercial Code);
- not have been a Director of the Company for more than 12 years (for practical purposes, a Director loses his/her independent status under this criterion only at the end of the term 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 a report by the Nominations Committee, 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 potential conflicts of interest exist.

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 General 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 board of directors or the supervisory board" (2005/162/EC). Article 13.1 of these recommendations stipulates 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."

Finally, 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 the conduct of 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, who 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 this situation as follows:

MEMBERSHIP OF THE BOARD OF DIRECTORS AT FEBRUARY 8, 2012

		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[(f)]	
Jean-Paul Bailly	Director		NI [(b)]
Jean-Louis Beffa	Director	I[(e)]	
Alain Beullier	Director		NI[(c)]
Bruno Bézard	Director		NI[(b)]
Olivier Bourges	Director		NI[(b)]
Aldo Cardoso	Director	I[(d)]	
René Carron	Director	I[(d)]	
Pierre-Franck Chevet	Director		NI[(b)]
Paul Desmarais Jr	Director	I[(a)]	
Ramon Fernandez	Director		NI[(b)]
Anne Lauvergeon	Director	I[(d)]	
Françoise Malrieu	Director	I	
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)]	
Lord Simon of Highbury	Director	I[(f)]	
TOTAL	**22 DIRECTORS**	**10 INDEPENDENT**	**12 NON-INDEPENDENT**

The Board of Directors of GDF SUEZ is comprises 22 Directors, 10 of whom are deemed independent. Twelve Directors are deemed non-independent, including the State representatives, the representatives of the Company's employees and Directors who are corporate officers:

a) Albert Frère, Thierry de Rudder and Paul Desmarais Jr, who represent Groupe Bruxelles Lambert in its capacity as shareholder of GDF SUEZ with a 5.2% shareholding (at December 31, 2011), are deemed 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, Bruno Bézard, Olivier Bourges, Pierre-Franck Chevet, Ramon Fernandez, and Pierre Mongin, who are all representatives of the State and appointed thereby, are not deemed independent;

c) Alain Beullier, Anne-Marie Mourer and Patrick Petitjean, who are Directors employed by the Company or its subsidiaries, as well as Gabrielle Prunet, who is a Director representing employee shareholders, are not deemed independent;

d) René Carron's term as Chairman of the Board of Directors and Director of Crédit Agricole SA, with which GDF SUEZ has a business relationship (as it does with other banking institutions) ended on May 19, 2010.

Also note that GDF SUEZ has a business relationship with Imerys (of which Aldo Cardoso is a Director). The Board of Directors found that these business ties were far from being significant enough to create a conflict of interest likely to affect Mr. Cardoso's independent status.

Anne Lauvergeon ceased her role as Chairman of the Executive Committee at Areva, with which the Group also has a business relationship, on June 30, 2011. Additionally, the Board of Directors deemed that the business ties with Areva were not sufficient to create, pursuant to the European Commission's recommendations, "a conflict of interest such as to impair (its) judgment" (paragraph 13.1.);

e) Jean-Louis Beffa, a Director of GDF SUEZ and Chairman of its Nominations Committee, is also a Director of Saint-Gobain, of which Gérard Mestrallet is a Director. Under the AFEP-MEDEF recommendations, these overlapping directorships would disqualify both Directors, and more specifically Mr. Beffa (Gérard Mestrallet is not deemed to be independent). The Board of Directors of GDF SUEZ took into account the fact that Mr. Beffa did not perform any executive role at Saint-Gobain and that Mr. Mestrallet did not sit on any of this company's special committees. Mr. Beffa's classification as independent therefore complies with the OECD principles outlined above (Principle VI.E.1): "The board shall assign a sufficient number of non-executive board members capable of exercising independent judgment to tasks where there is a potential conflict 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 Imerys or the Saint-Gobain group, Mr. Cardoso and Mr. 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.

The Directors concerned have undertaken to follow these rules of conduct, in accordance with Article 5 of the Directors' Charter;

f) the Board of Directors of GDF SUEZ specified that the situations of Lord Simon of Highbury (Chairman of the Compensation Committee) and Edmond Alphandéry (Chairman of the Ethics, Environment and Sustainable Development Committee and member of the Audit Committee) complied with the principles allowing them to qualify as independent.

Conflicts of interest

To GDF SUEZ's knowledge, there are no potential conflicts of interest between the Directors' duties with regard to GDF SUEZ and their private interests and/or other duties.

There are no family ties between the Directors and GDF SUEZ's other main senior managers.

To GDF SUEZ's knowledge, during the past five years, none of the Directors or senior managers of GDF SUEZ has been convicted of fraud, served as manager 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 Section 4.1.4.2 below) stipulates 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 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.

4.1.2 NON-VOTING DIRECTORS

Article 13.8 of the bylaws provides for the 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 previous 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 General Shareholders' Meeting of July 16, 2008, for a four-year term expiring at the close of the General Shareholders' Meeting to be held in 2012 to approve the 2011 financial statements. Their 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 Master's Degree in Business Engineering from the *Université Libre de Bruxelles* and an MBA from Harvard Business School. He was an Investment Banker 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 Executive Chairman since 1989.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Non-voting Director	Executive Chairman of Sofina* (Belgium) Executive Director of Union Financière Boël and Société de Participations Industrielles (Belgium) Member of the Supervisory Board of Eurazeo* Director of Danone* (France), Caledonia Investments (United Kingdom), Delhaize* and Henex*(Belgium)	Vice-Chairman and Managing Director of Sofina* (Belgium) Director of Finasucre, Glaces de Moustier*, SUEZ-TRACTEBEL (Belgium), SES Global (Luxembourg) and SUEZ*

* *Listed company.*

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 French National Data Protection and Privacy Commission (CNIL), 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 2011	Other directorships and offices held within the past five years
Non-voting Director	Chairman and Chief Executive Officer of LaSer, Chairman of the Board of Directors 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, the Fondation Collège de France, Maison des Sciences de l'Homme, Coe-Rexecode, the French American Foundation, and 104	Co-Chairman of the Management Board of the Galeries Lafayette Group Director of La Poste and Gaz de France* Member of the CNIL

* *Listed company.*

4.1.3 GOVERNMENT COMMISSIONER

The Government Commissioner is appointed to the Company by the Minister of Energy, by ministerial order, 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 Energy by ministerial order dated July 18, 2008. Her biography and directorships and offices are set out below.

Florence Tordjman, born June 27, 1959 in Poitiers (Vienne), is a French citizen.

A graduate of the *Institut d'Etudes Politiques* of 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 University of Paris IV Sorbonne. Since 1993, she has held various positions within the Ministry of Economy, Industry and Employment. At the Department of Information Technology and the Postal Service (*La Poste*), she was responsible for European R&D programs in information technology and communications from 1993 to 1997 and from 2000 onwards, she 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, Sustainable Development, Transportation and Housing and within the Ministry of Finance and Industry.

Directorships and offices held in the Company	Directorships and offices held in any company in 2011	Other directorships and offices held within the past five years
Government Commissioner	Deputy Director for Energy within the Energy and Climate Department of the Ministry of Ecology, Sustainable Development, Transportation and Housing, Ministry of Finance and Industry Director of the French Association of Natural Gas for Vehicles Government Commissioner of GRTgaz and GrDF	Director of Gaz de France*

* *Listed company.*

4.1.4 BOARD OF DIRECTORS: POWERS – OPERATING PROCEDURES – GOVERNANCE CODE – ACTIVITIES

4.1.4.1 Powers of the Board of Directors

Pursuant to legal and regulatory provisions and Article 15.1 of the Company bylaws, 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 limits 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 performs any checks 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 (Article 1.2), the following decisions are subject to prior review and approval by the Board:

- contracting with the government on major contracts regarding 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 €500 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 €500 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 medium 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.

In addition, the Board reviews the budget and the Group's industrial strategy, financial strategy and energy supply policy at least once a year.

4.1.4.2 Organization and operating procedures of the Board of Directors – Governance Code and ethics

The operating procedures of the Board of Directors are defined by Article 14 of the bylaws. Its organizational procedures are set out in Article 1 of the Board of Directors' Internal Regulations, which specify 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 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 Executive Vice-President, Chief Financial Officer, 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 stipulates that the Chairman chairs the Board Meetings, oversees deliberations and ensures compliance with the Internal 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 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 Directors ensure, collectively, that the time allotted to each of them to express their views is evenly balanced. The Chairman pays particular attention to ensuring 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 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 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 Board Secretary.

Under Article 13.6 of the bylaws, all Directors must own at least fifty (50) shares in the Company, unless an exemption has been granted under the applicable law or regulations. This requirement does not apply to the Directors representing the French State 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 4.1.1.4 below).

The Internal Regulations were amended on January 13, 2011. The appendix to this document includes the Directors' Charter and the Code of Conduct, which set out the rights and duties of 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, independence criteria, duty of expression, conflicts of interest, professionalism, involvement and effectiveness.

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 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 the rules on insider trading. This code was last amended by a decision of the Board of Directors of January 13, 2011, following AMF recommendations. These amendments, referring to the provisions of Article 2 of the said code, provide that the period when the Company Executives are not authorized to trade in the Company securities which they hold, namely 30 days prior to the publication of the annual and interim consolidated financial statements and the quarterly financial statements, is now expanded to include the publication date as well.

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 employee Directors are to exercise their duties.

The main provisions of the Company's bylaws and Internal Regulations are outlined in the Registration Document under section 7.1. These documents are available at the Company's head office and on its website: www.gdfsuez.com.

In terms of ethical conduct, GDF SUEZ also adopted, in 2009, an Ethics Charter and an "Ethics in Practice" guide that each employee and entity of the Group in France and abroad, and any person seconded by a third party to a Group entity, must comply with in exercising their professional activities.

The Ethics Charter defines the four ethical principles of GDF SUEZ: acting in accordance with laws and regulations; establishing a culture of integrity; demonstrating loyalty and honesty, and respecting others. It also establishes the overall framework for ethics governance which relies on managerial involvement and responsibility, and is part of a continuous effort to improve practices and presents ethics compliance as a contribution to the Group's overall performance.

The Integrity Referential adopted in 2010, which is the *modus operandi* for the ethical principle of "establishing a culture of integrity" and which is the foundation for the Group's program for fighting fraud and corruption, was distributed to GDF SUEZ managers in 2011.

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") which is available at www.medef.com.

In compliance with the AFEP-MEDEF Code, the Internal Regulations stipulate that the Board shall review the independence of the Directors each year before the General Shareholders' Meeting to approve the financial statements for the previous fiscal year. On the proposal of the Nominations Committee, the Board of Directors, at its meeting of February 8, 2012, conducted a case-by-case review of the qualification of each member based on independence criteria, 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 10 of the 22 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 State and the three Directors representing employees and the Director representing employee shareholders may not be considered independent and, moreover, that a non-independent Director's office 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* (the French financial markets authority - AMF) on June 13, 2008 under no. 08–126.

The criteria for assessing the independence of Directors are provided in section 4.1.1.5 below.

The resulting percentage of independent Directors is 45.5%, 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 reasons mentioned above.

4.1.4.3 Activities of the Board of Directors

The Board of Directors of GDF SUEZ met 14 times during fiscal year 2011, with an attendance rate of 86%. Ten meetings are scheduled for 2012, of which two had already been held as of the date of this Report (February 8, 2012).

At these meetings, the Board of Directors of GDF SUEZ reviewed and deliberated on the following matters: The Group's business performance and strategy, energy supply policy, completion of the merger with International Power, progress on the program to rationalize the asset portfolio, reviewing and mapping Group risk, early renewal of syndicated loans, preparation of the financial statements for 2010, budgetary provisions for 2011, payment of an interim dividend for 2011, the review of Directors' independence, amendment of the Board Regulations (re. closed trading periods), calling the General Shareholders' Meeting and appointment of a woman Director at this meeting, the nuclear status report, responding to written questions from shareholders, financial information for the first and third quarters 2011, preparation of the 2011 interim financial statements, the situation arising from government decisions on gas tariffs and the NOME law, the organization plan for the Energy Europe business line, renewal of authorization to issue bonds and renewal of authorization relating to sureties, guarantees and pledges, changes to the share capital due to the exercise of options, allocation of performance-related shares and Directors' fees, provisional management documents, the status of health and safety in 2010, research and innovation policy and the French offshore wind energy tender process. A strategy seminar held by the Board of Directors in London addressed the following topics: a strategic and financial summary, international electricity and gas, the gas value chain, energy efficiency, nuclear power and the hydrologic cycle. The final three seminar topics (the Energy Europe business line, innovation and marketing and human resources) were dealt with in early 2012.

4.1.5 THE STANDING COMMITTEES OF THE BOARD OF DIRECTORS

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 has 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 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, under 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 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 Investment 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 Investment Committee	Appointments Committee	Compensation Committee	Ethics, Environment and Sustainable Development Committee
Aldo Cardoso*, Chairman	Thierry de Rudder* Chairman	Jean-Louis Beffa*, Chairman	Lord Simon of Highbury*, Chairman	Edmond Alphandéry*, Chairman
Edmond Alphandéry*	Olivier Bourges	René Carron*	Jean-Louis Beffa*	Jean-Paul Bailly
Olivier Bourges	Pierre-Franck Chevet	Paul Desmarais Jr*	Olivier Bourges	Anne Lauvergeon*
Thierry de Rudder*	Anne Lauvergeon*	Ramon Fernandez	René Carron*	Anne-Marie Mourer
			Paul Desmarais Jr*	

* *Independent Directors.*

The Audit Committee

The Audit Committee has four members: Aldo Cardoso (Chairman), Edmond Alphandéry, Olivier Bourges and Thierry de Rudder.

Each member of the Audit Committee has specific experience in finance or accounting, as show in their respective biographies in section 4.1.1.3.

Operating procedures

Article 3.1 of the Internal Regulations sets out the rules and operating procedures of the Audit Committee, pursuant to regulations and to any regulatory changes.

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 responsible for monitoring the statutory auditing of the parent company and consolidated financial statements by the Statutory Auditors. The second is to gain an understanding of internal and external audit 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 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 nine times in 2011, with an average attendance rate of 92%. The Statutory Auditors attended all of these meetings. Eleven meetings are scheduled for 2012, two of which had already been held as of the date of this Report.

Activities

In 2011, the committee specifically addressed the following:

- pertaining to financial matters: 2011 budget forecasts, closing estimates and forecasts for 2010, preparation of consolidated and parent company financial statements at December 31, 2010, interim closing estimates and options, preparation of the interim consolidated and parent company financial statements at June 30, 2011, payment of an interim dividend for 2011, quarterly reports (first and third quarters of 2011), 2011 closing options and assumptions, impairment tests and application of the look-back procedure;

- pertaining to internal audit: quarterly activity reports, scheduling of audit assignments for 2011, and the independence of internal audit;
- pertaining to internal control: review of Group internal control;
- pertaining to external audit: monitoring of fees for 2010 and 2011, prior approval of work assigned to the Statutory Auditors in addition to their auditing assignments, and the independence of the Statutory Auditors;
- pertaining to risks: review and mapping of Group risks, the protection of intangible corporate assets and a focus on two priority Group risks ("project" risk and industrial safety risk).

The committee also addressed topics for understanding specific issues such as the Group's trading activity (organization, control environment, risk management, 2010 results and outlook) and the model used to calculate delivered, unbilled "gas in the meter".

Strategy and Investment Committee

The Strategy and Investment Committee has four members: Thierry de Rudder (Chairman), Olivier Bourges, Pierre-Franck Chevet and Anne Lauvergeon.

Operating procedures

Article 3.2 of the Internal Regulations sets out the rules and operating procedures for the Strategy and Investment Committee.

The delegation threshold for the Chairman and CEO and Vice-Chairman and President for investments and disinvestments is €500 million. The committee must be notified of transactions of between €350 million and €500 million.

This committee is charged with providing the Board of Directors with its opinion on the Company's main strategic aims, 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. The committee also addresses matters concerning the creation and upgrading of industrial facilities and annual and multi-year works programs, purchasing policy and significant real estate projects.

The Strategy and Investment Committee met nine times in 2011, with an average attendance rate of 67%. Ten meetings are scheduled for 2012, one of which had already been held as of the date of this Report.

Activities

In 2011, the committee specifically addressed the following: The Group's supply policy, the duration of wind power subsidies, Group strategy in the wind sector, the process of renewing hydroelectric concessions in France, Group activities in the Middle East and a series of projects requiring approval by the Board of Directors, including the opening of the share capital of GRTgaz and of Exploration & Production, as well as the purchase and sale of equity investments.

The committee also addressed topics to understand specific issues, such as the strategic vision of GDF SUEZ and its action plan, exploration and production activity within the Group, the situation and outlook of downstream gas and electricity in France, the Group's exposure to "sovereign" risk and its competitive environment.

Nominations Committee

The Nominations Committee has four members: Jean-Louis Beffa (Chairman), René Carron, Paul Desmarais Jr and Ramon Fernandez.

Operating procedures

Article 3.3 of the Internal Regulations of GDF SUEZ (amended as set forth below under "Activities") 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 seat on the Board of Directors or as a non-voting Director, which are subject to approval by the General Shareholders' Meeting, as well as for appointments to a committee or as a committee Chairman. The committee also makes recommendations to the Board as to who will succeed the Chairman and Chief Executive Officer and the Vice-Chairman and President as they approach the end of their terms of office.

The GDF SUEZ Nominations Committee met five times in 2011 (with an average attendance rate of 65%). One meeting had already been held in 2012 as of the date of this Report.

Activities

In early 2011 the committee expressed its opinion on renewing the terms of five Directors which were nearing their end. It added an additional resolution to the agenda of the 2012 General Shareholders' Meeting to allow the Meeting – by appointing Françoise Malrieu, after establishing her independence – to speed up implementation of the principle of balanced representation between men and women on boards of directors introduced by the Act of January 27, 2011 and the AFEP-MEDEF Code.

The committee also examined and made recommendations to the Board of Directors on the independent status of Board members, which must be reviewed each year prior to the General Shareholders' Meeting held to approve the financial statements for the previous year (see section 4.1.1.5 of this Report). The committee noted the various reorganizations within the Group management structures, including the composition of the Management Committee and the Executive Committee in April 2011 and the replacement of the Executive Vice-President, Chief Financial Officer on October 1, 2011. In the second half of the year, it also addressed the plans to organize the future Energy Europe business line and the appointment of its manager.

Compensation Committee

The Compensation Committee has five members: Lord Simon of Highbury (Chairman), Jean-Louis Beffa, Olivier Bourges, René Carron and Paul Desmarais Jr.

Operating procedures

Article 3.4 of the Internal Regulations 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. 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 five times in 2011, with an average attendance rate of 85%. Four meetings are scheduled for 2012, one of which had already been held as of the date of this Report.

Activities

The Compensation Committee finalized its proposals for implementing a plan to allocate performance-based shares for 2010 to nearly 7,000 Group employees, in view of the Board of Directors' resolution on this matter on January 13, 2011. Confirming its support for the principle of a long-term incentive system, in December 2011 it issued recommendations for the allocation of performance-based shares for 2011 to a smaller number of employees than in 2010, and postponed allocation to the two executive corporate officers until 2012.

In the course of the 2011 fiscal year, the Compensation Committee submitted its opinions to the Board of Directors and expressed its recommendations regarding the compensation of the two executive corporate officers. Regarding their fixed compensation, the Compensation Committee proposed keeping the compensation for 2011 unchanged on the previous year. Regarding their variable compensation, the committee reviewed performance achievement indices for 2010 and proposed the respective amounts for the variable portions to the Board. It also proposed criteria for the assessment of their performance-related compensation for 2011 (target bonus objectives, quantitative and qualitative parameters and the respective quota of these parameters in calculating the variable portion).

It also recommended that the Board authorize the transfer of Gérard Mestrallet's suspended employment contract to GDF SUEZ Management Company, the assumption of his rights thereunder by that company and the subsequent reimbursement agreement between GDF SUEZ and GDF SUEZ Management Company as indicated in the section on Retirement Plans (4.5.1.2).

Finally, the Compensation Committee addressed technical matters such as assessing the partial achievement of performance conditions under the Performance Share Plan of November 12, 2008, as well as the amount of Directors' fees paid to the Chairmen of some Board committees. The committee was also informed, pursuant to the Regulations for Employee Directors, of the proposals made by management for changes to their compensation in 2011.

Ethics, Environment and Sustainable Development Committee

The Ethics, Environment and Sustainable Development Committee has four members: Edmond Alphandéry (Chairman), Anne Lauvergeon, Jean-Paul Bailly and Anne-Marie Mourer.

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.

The Ethics, Environment and Sustainable Development Committee met seven times in 2011, with an average attendance rate of 89%. Six meetings are scheduled for 2012.

Activities

To maintain the high standards of conduct on which the Group has built its reputation, 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 deployed as usual and had been subject to application and control procedures to maintain the high standards of conduct on which the Group's reputation is based.

The committee thus requested the presentation of the annual compliance procedure and the annual report of the Group's Ethics Officer, which highlight in particular the organization of business lines and subsidiaries, the deployment of the new Ethics Charter and the "Ethics in Practice" guide and the development of a network comprising over 175 ethics officers on specific training initiatives. The committee was also kept informed of the latest developments in the principal disputes involving the Group.

In steering the ethics system, the committee reviewed the dashboard, set up at its request, which measures Group progress in ethics using 14 indicators.

Regarding compliance management, the committee noted that in all the business lines a real-time tool had been deployed for reporting incidents in the Group's main areas of risk. The committee also examined the mapping of the Group's ethical risks, work initiated at its request, as well as a related action plan, which was subject to annual reporting.

With regard to sustainable development, the committee continue to monitor policies initiated, outlooks and action plans. The committee noted the Annual Report on the Group's environmental performance, the annual update on the sustainable development action plans and research and development priorities in this area. It also reviewed the occupational health and safety status of the Group and its business lines.

The committee also noted Group policies on corporate social responsibility, diversity, anti-discrimination and the GDF SUEZ corporate social responsibility audit. It reviewed the management of industrial safety risks, including risks related to exploration and production, and the issue of nuclear safety at the Group.

Following the Fukushima disaster, an Extraordinary Meeting was held at the end of April, extended to all Board Directors, to obtain information on the analysis of the Japanese accident performed by the Group's teams and the assessment of incidents at GDF SUEZ plants (which was reassuring).

Pursuant to the Internal Regulations, a process of evaluting the Board of Directors' operating procedures was launched under the supervision of the Ethics, Environment and Sustainable Development Committee Chairman, in collaboration with an outside expert[(1)].

Finally, the committee met with the Chairman of the Ethics and Sustainable Development Committee of SUEZ Environnement to discuss the work of the two committees.

4.1.6 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 the 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 2011 Registration Document, under section 4.5, "Compensation and Benefits Paid to Members of Corporate Governance Bodies."

4.1.7 STATUTORY PROVISIONS REGARDING THE PARTICIPATION OF SHAREHOLDERS AT SHAREHOLDERS' MEETINGS

The Company bylaws stipulate that all shareholders are entitled to attend General Shareholders' Meetings on condition that their shares are fully paid up. Each share entitles the holder to vote and be represented at General 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 General Shareholders' Meetings. 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 that are fully paid up.

The terms for the participation of shareholders at General Shareholders' Meetings are detailed in section 7.1.5 of the Registration Document.

Provisions relating to shareholders' attendance at General Shareholders' Meetings and shareholders' voting rights are set out in section 7.1.3 of the Registration 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 Registration Document in sections 3.3, 4.5, 5.1, 5.2 and 7.1.

4.1.8 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

The ongoing dialogue between the global risk management and internal control systems strengthens both: internal control takes into account the findings of the global risk management system and, conversely, participated in controlling risk.

4.1.8.1 Coordination and monitoring of operations

In 2011, the coordination and monitoring of operations at GDF SUEZ were based on the principles outlined below:

(1) *Improvement measures are mentionned in section 7.1.2 of the Registration Document.*

- the Board of Directors sets out the objectives of the GDF SUEZ internal control system through its assignments and activities (see above); 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 the Chairman and Chief Executive Officer, the Vice-Chairman and President, and the Executive Vice-Presidents and is responsible for managing the Group;
- the Executive Committee, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President, comprises members representing the Group's operational and functional activities. It reviews questions and decisions related to the Group's strategy, development and organization and its general steering. It reviews, as needed, topics and issues that are put before it;
- a limited number of Enterprise-level committees (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 Safety Monitoring Committee, business line committees, and corporate committee) ensure coordination between the various entities of GDF SUEZ in order to document or to make cross-company decisions;
- three management levels:
  - the Corporate level steers the Enterprise and is responsible for providing a strategic and financial performance framework; it coordinates structural choices and is responsible for settling differences between business lines; it organizes structuring of GDF SUEZ through its functional policies and conducts their rightful implementation. Corporate Management's functional divisions include: Finance; Information Systems; Strategy and Sustainable Development; Audit and Risk Management; General Secretariat; Group Human Resources; Health Safety and Management Systems; Group Sales and Marketing; Communications and Financial Communications; European and International Relations; Research and Innovation; Group Performance; Purchasing; Nuclear Activities and Nuclear Safety and Radiation Protection,
  - the business lines (Energy France, Energy Europe & International, Global Gas & LNG, Infrastructures, Energy Services, and Environment) are the second management level of the GDF SUEZ organization and oversee every Business Unit (BU) within their respective areas of responsibility,
  - BUs are GDF SUEZ's smallest reporting entities, and constitute the management level at which the business lines' performance is monitored.

  Performance is at the center of the management dialogue between Corporate Management – Business Lines – BUs. The Efficio performance program is deployed to lead, coordinate and consolidate (at Enterprise level) the performance actions of the business lines, functional divisions and cross-company projects;
- steering activities includes compliance with ethics policies. The structure set up by the Group is based on dedicated management and steering and control bodies comprising more than 170 ethics officers and ethics representatives. Highlights in 2011 include:
  - deployment of the "Integrity Referential" and the INFORM'ethics system,

  The "Integrity Referential", approved by the Executive Committee in July 2010, was rolled out to managers in 2011. This framework is a means of implementing the ethics principle of "establishing a culture of integrity" and describes the way in which the Group is structured to manage the risks to which any breach of integrity exposes it. It represents the foundation of the Group's fraud and corruption detection and prevention program. The development of the internal control program (scope of entities and process) takes into account the sensitivity to the risk of fraud. The continued roll-out of the INFORM'ethics system for reporting ethics incidents to the business lines and units, and introduction of an ethics risk review as part of the group's risk management system,
  - Actions taken:

    Several projects were implemented during the year and should be completed in early 2012:
    - an "Ethics Compliance Management" framework, which sets out the operating method for ethics guidance, and aims to specify how the Group is organizing itself to move beyond the stage of setting up systems to the stage of measuring compliance,
    - the "Guidelines for business relationships",
    - a screening process for sales agents.

Ethics training has also been extended to new subject areas, with two modules designed to raise awareness, directed at managers: "Human Rights in Business" (three sessions in 2011) and "Understanding and Preventing Corruption Risk" (pilot session at the end of 2011).

4.1.8.2 Group standards

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 and updated with respect to risk management in July 2010. They also take into account the Audit Committee's report published by the AMF on June 14, 2010.

4.1.8.3 Global risk management system

The Group adopted a global risk management policy (Enterprise Risk Management, or ERM) in November 2009, the principles of which are consistent with professional standards (ISO 31000, Federation of European Risk Management Associations in particular). The policy states GDF SUEZ's ambition to manage its risks more efficiently in order to ensure the achievement of its targets, mainly to preserve and continuously improve its value and its reputation, as well as internal motivation.

Role of the GDF SUEZ Audit Committee

The Enterprise Risk Management Policy has been approved by the Executive Committee and presented to the Audit Committee of the Board of Directors. The Audit Committee examines the Group's risk review at least once a year. At its request, it is informed throughout the year of GDF SUEZ's exposure to financial risks and to other strategic and operational risks. This allow the Board to perform its duty of monitoring the effectiveness of risk management and internal control systems required by the order of December 8, 2008, transposing into French law the Eighth European directive on corporate governance.

GDF SUEZ's Enterprise Risk Management policy

The Group's Enterprise Risk Management system has been streamlined since it was created at the time of the GDF SUEZ merger, on the basis of longstanding practices at the two former groups. The system fully complies with the relevant international standards (ISO 31000 and Federation of European Risk Management Associations guidelines). It is applicable Group-wide, to all operations and entities.

The Group's Enterprise Risk Management policy reflects its aim to "manage its risk well in order to ensure the achievement of its performance". The Group considers a risk to be "any uncertain 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." This policy encourages reasonable and financially viable risk-taking in compliance with laws and regulations, in line with generally held opinion and economically viable. Risk-taking is related to decision-making: all managers are risk managers. The Management Committees of the Group's entities are, in principle, the bodies that determine the actions to be taken to manage risk, unless a Risk Committee is specifically created, as it is for market risk.

To achieve this aim, GDF SUEZ has appointed the Executive Committee member in charge of the Audit and Risk Management Division as Chief Risk Officer, to oversee the ERM functional line. The Chief Risk Officer's role is to ensure that the Group has adequate expertise in all areas for effective risk management. He or she heads up the network of Risk Officers from the business lines, Business Units (BUs) and operational departments, as well as the Group's Enterprise Risk Management Committee, which performs a coordinating role and provides expertise.

The Group's ERM process begins with the risk review, including decisions regarding major risks and actions to be implemented to reduce them. The Group thus identifies its priority risks, each of which is coordinated by an Executive Committee member, who draws up an overview, assessing the risk for the entire Group, setting out action plans and monitoring. The ERM campaign is launched at the beginning of the year and sets out guidelines for risk management throughout the year. Risk management is the subject of intermediate reviews through the year, after verification that no major event has taken place requiring reassessment of any risks and action plans to reduce them. The operating entities perform their risk review in the first half of the year, the business lines and operational departments in the third quarter and the Group in the fourth quarter.

Knowledge of risks from reported information is supplemented by interviews with the Directors of the entities and an analysis of publications by outside observers (. financial analysts, rating agencies, ERM think tanks, comprehensive studies and major events worldwide), in order to improve risk awareness within the Group. The main risk factors to which the Group is exposed are described here in section 2.

4.1.8.4 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 the following objectives:

- compliance with applicable laws and regulations;
- reliability of accounting and financial information;
- effectiveness and efficiency of operations.

However, as with 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.

4.1.8.5 Coordination and monitoring of internal control

The Group has an internal control (Internal Control Management and Efficiency (INCOME)) program, approved by the Executive Committee and presented to the Audit Committee. The monitoring of its deployment and operating procedures is regularly presented to these two bodies.

GDF SUEZ's structure for coordinating and monitoring internal control is based on the following principles.

GDF SUEZ's general internal control guidelines

The general internal control guidelines of GDF SUEZ address:

- the development and follow-up of an effective and rigorous coordination and monitoring program, for which management is responsible and differentiated based on the needs of each management level, which can be adapted to different organizations and risks;
- formal commitment by management at different organizational levels to implement an internal control system for their area of responsibility as well as improvement initiatives identified for assessment of the general control environment, the INCOME program controls and the audit missions;
- the rollout of an 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 divisions 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 Division is in charge of coordinating the players involved in industrial safety, health and safety in the workplace, the protection of tangible and intangible assets and management systems. It ensures that the Group's policies and standards in these areas are well understood and taken into account through a system that includes management reviews with each business line, the accident reporting mechanism and a control program according to specific standards, which covers the subsidiaries of each business line every year. It also encourages self-assessment and self-diagnosis in the area of industrial safety, for which a set of guidelines for operation and maintenance has been incorporated into the INCOME program;
- in accordance with the bylaws and the principles of corporate governance, the Audit and Risk Management Division reports to the Chairman and Chief Executive Officer. It reports its findings to the Group Executive Committee, the Group Management Committee, the Chairman and Chief Executive Officer and the Audit Committee. It is organized around the complementary functions of internal control, internal audit and risk management and its responsibilities are presented below:
  - the Internal Control Department monitors a network of some 200 internal control coordinators and managers responsible for running the internal control program of the business lines, subsidiaries and operating departments, providing methodology and instructions and organizing information and training sessions. The Internal Control department organizes, together with the functional divisions and the business lines, the coordination of the program specifically to help control the Company's most significant risks. To involve management with the preparation of structuring decisions related to internal control, such as policy or changes to the standards, and to improve awareness and understanding of management expectations with regard to internal control, the Management Observatory was created. This body, chaired by a business line manager who is a member of the GDF SUEZ Management Committee, thus reviewed the guidelines proposed to increase support for performance using the internal control system and to assess its effectiveness. It meets every six months. In addition, the Internal Control Department is constantly improving the internal control system by analyzing the results of self-assessment and of internal and external audits in order to identify, coordinate and monitor action plans.

    The business line internal control officers supervise Business Units and legal entities internal control coordinators within their area of responsibility, oversee implementation of the internal control program in their business line and prepare – in coordination with players contributing to other improvement approaches – necessary information to support the internal control attestation letter signed by the head of the business line.

    The internal control coordinators reporting to the head of the Business Unit or legal entity provide support to the business process owners in charge of implementing internal controls within the activities, oversee implementation of the internal control program and prepare – in coordination with players contributing to other improvement approaches – elements such as the results of self-assessments of the general control environment, internal controls, internal audits and the audits that are used to support the internal control attestation letter signed by the head of the Business Unit or legal entity.

    The internal control coordinators within a functional division ensure implementation of the internal control program, use the internal control chain to monitor implementation of the decisions made by their division within the Group and prepare the necessary information, such as the internal control self-assessments of the general control environment, internal controls, internal audits and the external audits that are used to support the internal control attestation letter signed by the head of the functional division,
  - internal Audit is an independent, objective function responsible for evaluating the proper functioning of the Company in every area of risk management, and in particular the adequacy and effectiveness of the internal control system. It exercises this responsibility directly with the support of business lines internal audit teams with which it has a hierarchical relationship. The Corporate Internal Audit provides for implementation, control and observance of professional standards, appropriate levels of

resources and skills as well as quality assurance of the internal audit function. Among other things, it ensures adequate audit mission planning and execution in accordance with the annual audit plan, as well as disciplined reporting of observations and follow-up of audit recommendations.

Business line Internal Audit teams ensure, within their scope of engagement, implementation of professional standards as well as compliance with Corporate Internal Audit procedures and instructions.

In conjunction with business line audit teams, expert networks are composed of auditors who have the required level of technical knowledge and provide their specific proficiency to the benefit of all entities and apply a transversal approach to address issues of global interest (governance, health, safety and environment, information systems, commodities and financial risks, fraud and investigations).

The Group's Internal Audit Department draws up its audit plan every year, according to a four-step process:

– the identification of the audit universe of the annual audit plan: clarifying which entities are subject to audit and defining the scope of responsibility of each of the Group's business lines,

– the assessment and evaluation of the audit themes, in consultation with the various stakeholders: analysis of industrial commercial and financial activities together with management, understanding of the organization, the main processes and the expectations of management, evaluation of the major risks identified by the Risk Officers, evaluation of the effectiveness of internal control as assessed by its process owners, sharing with the Statutory Auditors, integration of previous internal audit reports and recommendations, follow-up of significant action plans set up the year before,

– consolidation of the audit themes identified in the various business lines and entities of the Group: emphasis on the cross-functional principle of audit engagements to provide best coverage of the Group's major risks and internal control processes,

– enhancement of the annual audit plan through its validation with the business lines and Group executive management bodies and its approval by the Audit Committee.

  The Internal Audit Department issues an opinion on the quality of internal control measures (level of control and appropriateness), based mainly on work carried out to assess the adequacy of the design and the proper operation of internal control systems in the Enterprise, particularly through the testing of key controls identified in each of the main entities.

  Internal auditors coordinate their work with the Statutory Auditors in order to ensure the consistency and effectiveness of their overlapping activities:

– the Risk Management Department (see paragraph 4.1.8.3 "Global risk management system" above).

4.1.8.6 Implementation of internal control

Compliance with laws and regulations

Within the General Secretariat, the Legal Division helps to create a secure legal framework for the Group's operations and the decisions of its corporate officers. Employees within this division are responsible for providing the business lines and functional divisions with the necessary support, each in their area of expertise and responsibility. Such support is mainly provided through operational contributions to contractual negotiations, litigation and arbitration, through the actions of centers of expertise in competition law and financial law, through legal analyses carried out by the Commitment Committees, through mapping legal risks and, more generally through the mission of managing the legal network for which the Legal Division is responsible.

Compliance with laws and regulations remains the responsibility of each business line and each functional division 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 Corporate functional divisions:

- the Finance Division 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 GDF SUEZ's ethics and compliance rules, as well as ensuring that such rules are actually applied in accordance with the laws and regulations in force;
- the Group Human Resources Department is in charge of compliance with current labor legislation and regulations and carries out the employee data reporting;
- the Strategy and Sustainable Development Division 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 also 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 for the closing, and the main changes in accounting regulations and standards. These instructions are also available via the Intranet.

Organization principles

Responsibility for the preparation of accounting and financial information is defined at each level of the Group's organization (Corporate Management, business lines, Business Units and reporting entities). This includes setting up and maintaining an effective system of internal control.

At the Corporate level, the Accounting Department and the Planning and Management Control Department coordinate the processes relating to the preparation of accounting and financial information. These two departments report to the Finance Division 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 reporting 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 prepared:

- controls at the business line level on the information passed on to this level by the Business Units and reporting entities;
- controls at the Corporate Management level on the information passed on to this level by the business lines.

Centers of expertise (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, for example, the Accounting Standards Center of Expertise) have been set up at head office level to improve the way in which complex technical issues are handled and resolved.

These centers result 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 in the paragraph "Setting objectives and coordination".

Information systems management

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 administrative missions (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 operating assistance to users (running a hotline);
- the Information Systems Division, 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 carry out activities that contribute to the preparation of financial and accounting information. These activities must comply with the internal control guidelines developed at the Corporate level by the Audit and Risk Management Division under the aegis of the INCOME program. The players concerned are the following:

- 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 Group level;
- the various Finance Departments at the business line level, which are in charge of implementing procedures with all operating subsidiaries. This includes, in particular, decentralized control (see paragraph "Setting objectives and coordination");
- the Accounting Department (itself part of the Finance Division), which is in charge of financial reporting, preparing 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 implements 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 Corporate 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 Division, prepares written instructions to be sent out to each of 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 and reporting entities within its scope after tailoring them to the specific characteristics of the activities.

Management control is performed in a decentralized manner to reflect the specific characteristics of each activity. In particular, it must take account 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 divisions, and the operational and finance departments of the business line concerned. The Group's consolidated budget is presented to the Audit Committee before being submitted to the Board. 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 (MTBP), 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 Registration Document filed with the AMF, which includes the annual report and involves the following:

- defining the procedures for submitting and validating the information that will appear in the Registration Document;
- overseeing the work of the Registration Document Steering Committee;
- liaising with the AMF and applying its regulations.

Preparing and approving press releases

GDF SUEZ has the necessary organization to present reliable and high-quality financial information. The principles relating to the exercise of these activities with the media are set out in the "Press Communication" procedure and they specifically indicate: the coordination of activities among the Corporate Communications and business line communication teams, the implementation of the validation process for each item of information distributed internally and externally, a monitoring system and appropriate rules of communication and crisis management.

Relations with analysts and investors

The "Missions and Operating Principles of Financial Communication" procedure in force sets out management principles for the Group's financial communication and clearly defines its activities in the following areas: relations with investors and analysts, market intelligence and marketing departments, individual shareholder relations, including communication with employee shareholders, a role performed in support of the Group Human Resources Department with the help of internal communications. In addition, the Financial Communications Department steers and coordinates the market presentation process, such as the quarterly, interim and annual financial data and major transactions.

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 the 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 or her 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 or her own Business Unit (or legal entity);
- relies on an Internal Control Coordinator to monitor implementation of the INCOME program and provide support to Business Process Owners;
- commits to targets set by his or her direct supervisor.

Each Business Process Owner within the steering 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 implemented and monitored as part of the steering program.

The entire system is thus consistent with a continuous improvement approach.

4.1.8.7 Actions to improve the risk management and internal control systems

The actions implemented are the responsibility of the functional divisions and the business lines and are coordinated and monitored at the appropriate organizational level by the internal control and risk management networks. They are ultimately presented to the Audit Committee, as needed.

GDF SUEZ Group has launched a process of improving its internal control and risk management systems in line with the general guidelines and priorities laid down by the Chairman and Chief Executive Officer, the Executive Committee and the Audit Committee. For example:

- work undertaken during 2011 to improve assessment of the general control environment resulted in the creation of frameworks to support the assessment, adapted to the various types of Group entity, allowing these entities to enhance them according to their requirements;
- synergies between internal control and risk management, consisting in identifying the processes of the INCOME program and related controls helping to manage risk, were updated in 2011 to reflect feedback from 2010;
- work undertaken in 2010 to develop:
  - automation of IT controls,
  - a tool to manage separation of tasks incorporated in Group IT governance,

  resulted in 2011 in the enhancement of the INCOME framework; this work is ongoing as part of a multi-annual implementation project involving the stakeholders, particularly the IT Department, the business lines and the entities;
- the internal control system relating to calculating the "delivered unbilled natural gaz" receivable was adapted to the new assessment models. A specific managerial guidance system measures the results of the actions taken and controls performed to confirm the reliability of the new models;
- fraud is taken into account in establishing the INCOME annual internal control program, insofar as this is part of the prevention and identification of risk, and work is in progress to improve this approach;
- the incidents reported using the INFORM'ethics tool were analyzed to identify useful improvements that could be made to this internal control mechanism;
- an action plan was set up to adapt the deployment of INFORM'ethics to the Group's evolving structure and to prolong the upward trend in incidents that has begun;
- in 2011, GDF SUEZ carried out a watch on emerging risks and further incorporated risk management into managerial decision-making;
- each priority risk was assessed in the Group under the aegis of a member of the Executive Committee; cross-functional steering was strengthened if necessary. In addition to priority risks, the Group paid close attention to project risks and other major risks.

4.2 STATUTORY AUDITOR'S 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

This is a free translation into English of the statutory auditor's report that is 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 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 the article L. 225-37 of the French commercial code (Code de commerce) for the year ended December 31, 2011

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 6, 2012

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres	MAZARS
Véronique Laurent	Pascal Macioce	Isabelle Sapet
Pascal Pincemin	Charles-Emmanuel Chosson	Thierry Blanchetier

4.3 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-Chairman and President. Since that date, the Company's General Management has been the responsibility of Gérard Mestrallet, Chairman and Chief Executive Officer, and Jean-François Cirelli, Vice-Chairman and President. Pursuant to the law, the President assists the Chief Executive Officer.

In a changing and highly competitive environment, combining the functions of Chairman and CEO, supported by the presence of a Vice-Chairman 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 Chairman and CEO and the Vice-Chairman and President have the same powers to represent the Company with regard to third parties. According to internal rules, the respective powers of the Chairman and CEO and the Vice-Chairman and President are determined by the Board of Directors and the Internal Regulations of the Board, which sets their limits (see section 4.1.4.1).

4.3.1 MANAGEMENT COMMITTEE

The Management Committee of GDF SUEZ, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President, had nine members as of January 1, 2012. It is responsible for steering the Group. The committee determines the strategic decisions of GDF SUEZ according to the guidelines set out by the Board of Directors. It meets, in principle, every week. The Management Committee has the following members:

Gérard Mestrallet, *Chairman and Chief Executive Officer*
Jean-François Cirelli, *Vice-Chairman and President, in charge of the Energy Europe business line*(1)
Dirk Beeuwsaert, *Executive Vice-President, in charge of the Energy International business line*(5)
Valérie Bernis, *Executive Vice-President, Communications and Marketing*
Jean-Louis Chaussade, *Executive Vice-President, in charge of the Environment business line*
Jean-Marie Dauger, *Executive Vice-President, in charge of the Global Gas & LNG business line*
Jean-Claude Depail, *Executive Vice-President, in charge of the Infrastructures business line*
Henri Ducré, *Executive Vice-President, in charge of Energy France*(2)
Gérard Lamarche, *Executive Vice-President, Chief Financial Officer*(3)
Isabelle Kocher, *Executive Vice-President*(4)*, Chief Financial Officer*
Jérôme Tolot, *Executive Vice-President, in charge of the Energy Services business line*

(1) Since January 1, 2012.
(2) A member of the Management Committee until December 31, 2011, Henri Ducré has been the member of the Executive Committee in charge of Energy France since January 1, 2012.
(3) An Executive Vice-President until December 31, 2011, Gérard Lamarche was Chief Financial Officer until September 30, 2011.
(4) Since October 1, 2011.
(5) Until December 31, 2011, Dirk Beeuwsaert was in charge of the Energy Europe & International business line.

4.3.2 EXECUTIVE COMMITTEE

The Executive Committee reviews issues and decisions regarding the Group's strategy, development, organization, and overall management. At January 1, 2012 it had 26 members, including the members of the Management Committee and the heads of some operational departments. It meets, in principle, every two weeks. The Executive Committee has the following members:

Gérard Mestrallet, *Chairman and Chief Executive Officer*
Jean-François Cirelli, *Vice-Chairman and President in charge of the Energy Europe business line*(1)
Dirk Beeuwsaert, *Executive Vice-President in charge of the Energy International business line*(5)
Valérie Bernis, *Executive Vice-President, Communications and Marketing*
Jean-Louis Chaussade, *Executive Vice-President in charge of the Environment business line*
Jean-Marie Dauger, *Executive Vice-President in charge of the Global Gas & LNG business line*
Jean-Claude Depail, *Executive Vice-President in charge of the Infrastructures business line*
Gérard Lamarche, *Executive Vice-President, Chief Financial Officer*(3)
Isabelle Kocher, *Executive Vice-President, Chief Financial Officer*(4)
Jérôme Tolot, *Executive Vice-President in charge of the Energy Services business line*
Bruno Bensasson, *member of the Executive Committee*(6)*, Director of Strategy and Sustainable Development*
Jean-Louis Blanc, *member of the Executive Committee*(6)*, Director of the Group Sales and Marketing Department*
Claire Brabec-Lagrange, *member of the Executive Committee* (6)*, Director of Group Purchasing*
Alain Chaigneau, *member of the Executive Committee, General Secretary*(6)
Pierre Clavel, *member of the Executive Committee, Deputy Director of the Global Gas & LNG business line, in charge of Business Development* (7)
Phil Cox, *member of the Executive Committee*(8)*, CEO of International Power PLC*
Henri Ducré, *Executive Vice-President in charge of Energy France*(2)
Véronique Durand-Charlot, *member of the Executive Committee*(6), *Director of Information Systems*
Marc Florette, *member of the Executive Committee*(6), *Director of Research and Innovation*
Yves de Gaulle, *member of the Executive Committee, Special Advisor to the Chairman and Chief Executive Officer of GDF SUEZ in charge of Renewable Energy Policy*(6)
Jean-Pierre Hansen, *member of the Executive Committee, Chairman of the Energy Policy Committee*
Emmanuel Hedde, *member of the Executive Committee*(9) *in charge of the Integration, Synergies and Performance Department*
Philippe Jeunet, *member of the Executive Committee in charge of the Audit and Risk Management Division*
Christelle Martin, *member of the Executive Committee in charge of Human Resources* (10)
Paul Rorive, *member of the Executive Committee*(6)*, Director of Nuclear Development*
Philippe Saimpert, *member of the Executive Committee, Special Advisor to the Chairman and Chief Executive Officer*(10)
Denis Simonneau, *member of the Executive Committee*(6)*, Director of European and International Relations*
Emmanuel van Innis, *member of the Executive Committee, Special Advisor to the Chairman and Chief Executive Officer*(10)

The General Secretariat acts as secretary to the Management Committee and Executive Committee.

(1) Since January 1, 2012.
(2) A member of the Management Committee until December 31, 2011, Henri Ducré has been the member of the Executive Committee in charge of Energy France since January 1, 2012.
(3) An Executive Vice-President until December 31, 2011, Gérard Lamarche was Chief Financial Officer until September 30, 2011.
(4) Since October 1, 2011.
(5) Until December 31, 2011, Dirk Beeuwsaert was in charge of the Energy Europe & International business line.
(6) Since May 1, 2011.
(7) A member of the Executive Committee, since January 1, 2012, Pierre Clavel has been Deputy Director of the Global Gas & LNG business line in charge of Business Development.
(8) Since February 3, 2011.
(9) Until December 31, 2011.
(10) Since July 1, 2011.

4.4 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS, TRANSACTIONS WITH RELATED PARTIES, SERVICE CONTRACTS

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 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.

4.4.1 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the Shareholders:

In our capacity as statutory auditors of your Company, we hereby report to you on certain regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial Code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the year

In accordance with Article L-225-40 of the French commercial code (Code de Commerce), we have been advised of certain regulated agreements and commitments which received prior authorization from your Board of Directors.

1. With CNP Assurances, CDC infrastructure, Caisse des Dépôts et Consignations (CDC), Société d'Infrastructures Gazières (SIG) and GRTgaz

Directors concerned

Mr. Alphandery, Director of GDF SUEZ and Chairman of CNP Assurances, Mr. Bailly, Director of GDF SUEZ and CNP Assurances, and Mr. Fernandez, Director of GDF SUEZ and CNP Assurances and member of the Supervisory Board of CDC

a) Nature, purpose and terms: Equity investment by Société d'Infrastructures Gazières (SIG) in GRTgaz

The investment agreement, signed on June 27, 2011 by CNP Assurances, CDC Infrastructure, CDC, SIG, GRTgaz and GDF SUEZ sets out the terms and conditions of the equity investment by SIG in GRTgaz. This investment was made on July 12, 2011, in part through SIG's subscription to a capital increase of GRTgaz and in part through SIG's concomitant acquisition of GRTgaz shares from GDF SUEZ.

The purchase price for about 18.2% of the capital being set at €810 million and the subscription of shares amounting to 6.8% of the capital at €300 million, the aggregate amount of the transaction is €1,110 million.

Representations and warranties have been made by GDF SUEZ, including common representations (e.g., ownership of GRTgaz shares sold, fairness of GRTgaz financial statements, GRTgaz's ownership of assets required for its activities, compliance with laws). GDF SUEZ has committed to compensate SIG against losses resulting from the inaccuracy of the representations and warranties, capped by a ceiling equal to 15% of the amount of the investment and without limit in respect of losses incurred by SIG resulting from the inaccuracy of certain specific statements (particularly the absence of pollution likely to impose clean-up work borne by GRTgaz whose costs would not be covered by the tariff). The duration of the warranties is 18 months, except in respect of the specific warranty relating to the environment, which has a duration of 20 years.

At its meeting of June 22, 2011, the Board of Directors was presented the draft Investment Agreement, which it approved.

b) Nature, purpose and terms: Shareholders Agreement concerning GRTgaz

The Shareholders' Agreement signed on June 27, 2011 between GDF SUEZ and SIG, in the presence of GRTgaz, CNP Assurances, CDC Infrastructure and CDC, structures the rights and obligations of the GRTgaz shareholders and sets out the rules of governance in compliance with the specific regulations that apply to GRTgaz. This Shareholders' Agreement was concluded for a term of twenty years (renewable once for a ten-year term).

The Agreement grants to SIG the standard rights to which a non-controlling shareholder is entitled.

At its meeting of June 22, 2011, the Board of Directors was presented the draft Shareholders' Agreement, which it approved.

2. With the GDF SUEZ Management Company

Nature, purpose and terms: Executive Corporate Officers' retirement plans

At its meeting of November 12, 2008, the Board of Directors had expressly approved proposals of the Compensation Committee regarding the continuation of the retirement plans of the Chairman and Chief Executive Officer, Gérard Mestrallet, and of Vice-Chairman and President, Jean-François Cirelli.

Referring to its decision of November 12, 2008, approved by the General Shareholders' Meeting of May 4, 2009, to renew the supplementary group pension plan applicable to Gérard Mestrallet and all former SUEZ executives, and finding that the change in the Group's internal organization following the merger of Gaz de France and SUEZ, resulting in the creation of GDF SUEZ Management Company, could have the effect of compromising the proper implementation of its decision of November 12, 2008, the Board of Directors, at its meeting of September 20, 2011, unanimously approved (i) the transfer of Gérard Mestrallet's suspended employment contract from GDF SUEZ to GDF SUEZ Management Company, (ii) the corresponding resumption of his accrued benefits under the group retirement and benefit plans applicable to executives of GDF SUEZ and (iii) the subsequent reimbursement agreement between GDF SUEZ and GDF SUEZ Management Company.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years

a) whose implementation continued during the year

In accordance with Article R. 225-30 of the French commercial code (Code de Commerce), we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued during the year.

1. With Crédit Agricole Corporate and Investment Bank and BNP Paribas

Nature, purpose and terms: Acquisition of a 9% stake in the Nord Stream AG (Phase I) company

As part of the acquisition by GDF SUEZ Holding Switzerland AG of a 9% stake in the capital of Nord Stream AG, a Swiss company whose purpose is the construction and operation of two offshore natural gas pipelines extending across the Baltic Sea from Russia to Germany, GDF SUEZ will act as a "Sponsor" in the financing of this project and will have to sign the following agreements:

- An Accession Memorandum to the Subordination Deed, the purpose of which is to subordinate the credits granted by GDF SUEZ to Nord Stream AG to the lenders' credits;
- an independent Completion Guarantee under which GDF SUEZ guarantees the performance by GDF SUEZ Holding Switzerland AG of its guarantee obligations for Nord Stream AG to repay the senior debt. GDF SUEZ's commitment is limited to 9% and as far as the commissioning of the first gas pipeline (about €400 million, and upto November 2011);

Furthermore, GDF SUEZ will have to commit to sign the following agreements particularly, if need be:

- "Change in Law Commitment Agreement" that covers the risk of a change in the law (excluding the Russian law), which would prevent Nord Stream AG from performing its transportation service for its client Gazprom Export under the Gas Transportation Agreement, the only source of revenue for Nord Stream AG. GDF SUEZ's commitment is limited to 9% of the shareholders' contributions necessary to Nord Stream AG to pay its "senior debt obligations" and "operating costs" for the duration of financing (about €6,100 million for 100% and for a term of 10 to 16 years);
- "Disputed Claim Commitment Agreement" that covers potential claims contested by Nord Stream AG in connection with the major construction contracts at the time when Phase I of the pipeline is completed. GDF SUEZ's commitment is limited to 9% of the said claims;
- "Decommissioning Commitment Agreement" and a "Shareholder Commitment Agreement", which should be provided, if the construction of the second pipeline is abandoned, to cover the potential dismantling costs of Phase II works, if any, that would have been performed before the completion of Phase I and the project costs (development, studies, etc.) in connection with phase II. GDF SUEZ's commitment is limited to 9% of the said costs.

These guarantees should be issued at the end of Phase I and result from the Completion Guarantee, which will be issued upon the signing of the acquisition contract of a 9% stake in Nord Stream AG.

The above-mentioned guarantees (including the Completion Guarantee) and the Accession Memorandum will be issued in favor of Nord Stream AG and Société Générale acting as Security Agent for its account and for all the lending banks, among which are BNP Paribas and Crédit Agricole Corporate and Investment

Bank. Although GDF SUEZ's commitment is limited to 9% of the guaranteed obligations, the latter are not capped.

The Board of Directors of GDF SUEZ, at its meeting of January 20, 2010, authorized the principle, and at its meeting of June 23, 2010, the signing and issuance of the Accession Memorandum and abovementioned guarantees.

The Accession Memorandum to the Subordination Deed and the Completion Guarantee were signed on July 1st, 2010. These agreements had no impact on fiscal year 2011. Furthermore, to date, none of the above-mentioned Commitments has been signed.

2. With SUEZ Environnement Company

Nature, purpose and terms: Financing Agreement with SUEZ Environnement

With the financing framework agreement signed on June 5, 2008 between SUEZ, SUEZ Environnement and SUEZ Environnement Company expiring on December 31, 2010, SUEZ Environnement Company requested, in advance, that it be extended beyond this date, particularly to maintain a backup line and to strengthen its liquidity sources and credit rating.

This extension of the support granted to SUEZ Environnement was part of a framework for extending agreements signed in 2008 and for the absence of liquidity concerns for SUEZ Environnement (estimated at €2.5 billion at the end of 2010).

The new agreement between GDF SUEZ, GDF SUEZ Finance and SUEZ Environnement Company, and SUEZ Environnement, sets the main terms of financing the SUEZ Environnement Company Group for the 2011-2013 period. Financing will be provided by GDF SUEZ Finance or any other entity of the GDF 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 aggregate amount of SUEZ Environnement Company Group financing requirements, as agreed annually between GDF SUEZ and SUEZ Environnement Company. Loans shall be granted at market terms and conditions, depending on the term of the loan.

At its meeting of September 15, 2010, the Board of Directors of GDF SUEZ approved the signing of a new financing agreement for €350 million, expiring on July 15, 2013. This agreement came into force on January 1, 2011.

As of December 31, 2011, GDF SUEZ had granted loans and current account advances to the SUEZ Environnement Company Group for an overall amount of €148.2 million. Net financial income generated amounted to €7.4 million for the year ended December 31, 2011.

3. With Electrabel and International Power Plc

Nature, purpose and terms: Merger with International Power Plc

Talks were initiated with International Power Plc in late 2009, which resulted in a merger plan in the summer of 2010 based on the acquisition by GDF SUEZ of 70% of the capital of International Power through asset contributions from the GDF SUEZ Energy International business line of Electrabel and the payment of an extraordinary dividend of 92 pence per share to the shareholders of International Power Plc.

At its meeting of July 19, 2010, the Board of Directors of GDF SUEZ authorized the Chairman and Chief Executive Officer, Gérard Mestrallet, to submit an offer to International Power Plc and granted him full powers to negotiate, define the terms of the agreement, and sign the Memorandum of Understanding.

Following the authorization given by the Board of Directors on July 19, 2010, a draft Memorandum of Understanding was signed between GDF SUEZ and International Power on August 8, 2010, and was approved by the Boards of Directors of both companies at their meeting of August 9, 2010.

The Board of Directors, at its meeting of August 9, 2010, unanimously authorized entering into the Memorandum of Understanding and its signing, and granted full powers to the Chairman and Chief Executive Officer to continue the negotiation.

At its meeting of September 15, 2010, Board of Directors of GDF SUEZ noted the endorsement of the Group's European Works Council and authorized the signing of:

- the Merger Agreement, equivalent to the *traité d'apport* (transfer agreement) in French law. It includes notably the description of the assets and liabilities being transferred, the exchange ratio and specific representations and warranties;
- the Relationship Agreement, concluded between GDF SUEZ, Electrabel and International Power. It regulates essentially the governance of International Power;
- the Services Agreement, concluded between Electrabel and International Power Plc for a five-year term, renewable annually, and which stipulates Electrabel's provision of support services in various areas relating to strategy, internal control, auditing and risk management, finance, taxation, IT systems, human resources management and communications;
- the Expatriate Services Agreement, concluded between Electrabel and International Power Plc for a five-year term renewable annually and which stipulates Electrabel's provision of expatriate management services on behalf of International Power Plc;
- the Financing Framework Agreement which sets out the terms and conditions for financing agreements between Electrabel, GDF SUEZ and International Power Plc.

Following these Board decisions, the Memorandum of Understanding was converted into legally binding agreements, which were signed on October 13, 2010; the General Shareholders' Meeting of International Power approved the transaction, with a 99% majority, on December 16, 2010.

The closing of the transaction took place on February 3, 2011.

As of December 31, 2011, loans and advances from the Group to International Power Plc under the Financing Framework Agreement amounted to €957 million; the related net interest income came to €20 million in 2011. Invoiced services to International Power Plc in 2011 totaled €26 million for the Services Agreement and €13 million for the Expatriate Services Agreement.

4. With the French State

Nature, purpose and terms: 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 S.A., 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 in order to ensure the longevity of the public service missions entrusted to the company by French legislators. This contract covers the 2010-2013 period.

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 administrative tariffs for natural gas in France. In addition, a ministerial order specifies the rate-changing mechanism for 2010. The overall mechanism specifies the terms and conditions for changing the administrative rates and establishes the rules and responsibilities for the various players over 2010-2013.

Each year, the Government will publish a ministerial order establishing the conditions according to which the administrative 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 approved this agreement.

5. With Groupe Bruxelles Lambert, Caisse des Dépôts et Consignations, CNP Assurances, Sofina, Areva and SUEZ Environnement Company

Nature, purpose and terms: SUEZ Environnement Company Shareholders' Agreement

In connection with the spinoff-distribution of the SUEZ Environment 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 five-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 shareholder's 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 will remain in force with respect to all the other parties.

At its meeting of June 4, 2008, the GDF SUEZ Board of Directors expressly authorized this agreement.

Nature, purpose and terms: 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 which were to be submitted to the Board of Directors, if made at corporate level, shall require 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 is understood 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 and continued up to 2011 without modification.

6. With SUEZ Environnement company

Nature, purpose and terms: Cooperation and shared functions agreement

A cooperation and shared functions agreement was entered into between GDF 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, internal control, audit and risk management, finance, tax policy, IT services and communications, it being specified that all of the rights and obligations of SUEZ arising under the agreement shall be transferred to GDF SUEZ.

Subject to the 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 shareholding plans offered by GDF SUEZ.

Finally, SUEZ Environnement Company and SUEZ agreed that SUEZ Environnement Company shall continue to benefit from centralized services provided by GDF SUEZ and notably GDF SUEZ's centers of expertise.

At its meeting of June 4, 2008, the SUEZ Board of Directors expressly approved this agreement.

7. With SUEZ Environnement

Nature, purpose and terms: Trade name licensing agreement

In connection with the spin-off-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 five-year period as from the date of completion of the merger between Gaz de France and SUEZ (tacitly renewable), the right to use, on a nonexclusive basis and free of 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 meeting of June 4, 2008, the SUEZ Board of Directors expressly approved this agreement.

Nature, purpose and terms: 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 spin-off-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 therefrom (the "Argentine Rights").

At its meeting of June 4, 2008, the SUEZ Board of Directors expressly approved this agreement.

In 2011, SUEZ Environnement re-invoiced €1.5 million in legal and advisory fees to GDF SUEZ S.A.

8. With Crédit Agricole S.A.

Nature and purpose

SUEZ granted a vendor warranty covering liabilities to Crédit Agricole SA as part of the sale of a majority controlling interest in Banque Indosuez.

Terms and conditions

In December 2011, this agreement was subject to a warranty claim of €10.3 million. The amount that may still be drawn under this vendor warranty amounted to €351 million as of December 31, 2011.

b) which were not implemented during the year

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1. With Electrabel

Nature, purpose and terms: 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 taking place on July 24, 2007. The Suez Board of Directors, at its July 4, 2007 meeting, expressly approved the sale transaction and the agreement.

The sale agreement included vendor warranties to cover liabilities for a maximum amount of €1.5 billion and for a maximum term ending March 31, 2013.

This agreement had no impact on fiscal year 2011.

2. With GDF SUEZ Group companies that are members of the SUEZ Alliance GIE

Nature, purpose and terms: Membership in the GIE SUEZ Alliance (now GIE GDF SUEZ Alliance)

In its meeting of July 4, 2001, the SUEZ Board of Directors authorized the creation of a special-purpose financing vehicle, the G.I.E SUEZ Alliance—now the GIE GDF SUEZ Alliance, and the membership of SUEZ in this Economic Interest Group (E.I.G).

It also 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.

These agreements had no impact on fiscal year 2011.

3. With GDF SUEZ Group companies that are not members of GIE SUEZ Alliance (now GIE GDF SUEZ Alliance)

Nature, purpose and terms

At its meeting of March 9, 2005, the SUEZ Board of Directors expressly authorized the extension of the activities of the GIE SUEZ Alliance (now GIE GDF SUEZ Alliance) 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 with respect to these subsidiaries for any debt incurred that exceeds the pro rata share of the member company acting as guarantor.

This agreement had no impact on fiscal year 2011.

4. With FirstMark Communication France

Nature, purpose and terms

At its meeting of April 26, 2002, the SUEZ Board of Directors expressly authorized SUEZ's contribution of FirstMark Communication France to Neuf Telecom (formerly LD Com), for €210 million.

This contribution included certain direct commitments in favor of Neuf Telecom as well as the guarantee for all the obligations of the three SUEZ subsidiaries merged with SUEZ Communication in 2004. Only warranties relating to tax matters and loss carryforwards remain in force.

This agreement had no impact on fiscal year 2011.

5. With Ondeo Nalco

Nature, purpose and terms

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, at its meeting on November 20, 2002, authorized SUEZ to issue a guarantee with respect to all of 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 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.

This guarantee had no impact on fiscal year 2011.

6. With GDF SUEZ Energy Services

Nature, purpose and terms

At its meeting of July 4, 2001, the SUEZ Board of Directors approved the performance guarantee granted by SUEZ to GDF SUEZ Energy Services (formerly Elyo), regarding the construction and operation of a household waste incineration plant at Rillieux-la-Pape (Rhône). This agreement will expire on June 30, 2019.

This agreement had no impact on fiscal year 2011.

7. With Cofixel

Nature, purpose and terms

The SUEZ Board of Directors, at its meeting of July 4, 2001, authorized the sale of Ineo, Entrepose and 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 guarantees for an overall amount limited to €40 million and relating to all the companies sold. Only the warranties that related to the appeal in respect of litigation remained in force in 2011.

This agreement, which has expired, had no impact on fiscal year 2011.

8. With Findim

Nature, purpose and terms

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 in fiscal year 2008. To date, only the warranty claims made before the expiration of the joint and several guarantees remain in force.

This agreement had no impact on fiscal year 2011.

Agreements and commitments approved during the year

We remind you that the following agreements and commitments which were approved by the General Meeting of Shareholders on May, 2, 2011, based on the statutory auditor's report dated March, 10, 2011.

With Crédit Agricole Corporate and Investment Bank and BNP Paribas

Nature, purpose and terms: Acquisition of a 9% stake in Nord Stream AG (Phase II)

During its January 13, 2011 meeting, the GDF SUEZ Board of Directors reviewed the proposed financing for Phase II of the Nord Stream project.

Acting as "sponsor", GDF SUEZ will have to sign an independent Phase II Completion Guarantee under which GDF SUEZ guarantees the performance by GDF SUEZ Holding Switzerland AG of its guarantee obligations to Nord Stream AG for the repayment of the senior debt for the Phase II of the pipeline. GDF SUEZ's commitment is limited to 9% and as far as the commissioning of the second gas pipeline (about €250 million up to June 2014) ;

In addition, GDF SUEZ shall commit to sign the following agreements, where applicable:

- a "Change in Law Commitment Agreement", authorized by the Board of Directors on June 23, 2010, amended to cover the risk of a change in law (excluding Russian law) that would prevent Nord Stream AG from performing transportation services for its client Gazprom Export under the Gas Transportation Agreement, the sole source of revenue for Nord Stream AG. GDF SUEZ's commitment is limited to 9% of the shareholders' contributions to Nord Stream AG needed to cover senior debt obligations and operating costs during an estimated 10- to 16-year financing period.
- This guarantee would be issued to the lending banks for Phase II financing.
- a "Repair Costs Commitment Agreement" covering contributions to Nord Stream AG shareholders needed to pay for repairs to the pipeline from damage that may occur during the pipeline's reliability testing. GDF SUEZ's is also limited to 9% of costs up to a maximum of €11.7 million.
- a "Phase II Disputed Claim Commitment Agreement" covering any disputed claims by Nord Stream AG in connection with major construction contracts at the time of completion of Phase II of the gas pipeline. GDF SUEZ's commitment is limited to 9% of such claims.

While the guarantees given under the "Change in Law Commitment Agreement" and the "Phase II Disputed Claim Commitment Agreement" are limited to 9% of the guarantee obligations, these are not capped.

In addition, the estimated duration of GDF SUEZ's commitment was updated following the signing of the Phase I Completion Guarantee on July 1, 2010. GDF SUEZ's commitment is limited to 9% and as far as the commissioning of the first gas pipeline (about €400 million up to the estimated date of May 2013).

At its meeting of January 13, 2011, the Board of Directors:

- Confirmed its authorization of June 23, 2010 to sign the guarantees for Phase I which were amended in order to reflect GDF SUEZ's joining the project on July 1, 2010, and the financing for Phase II;
- authorized the signing and issuance of the above-mentioned guarantees for Phase II of the Nord Stream project.

GDF SUEZ signed the Phase II Completion Guarantee on March 4, 2011. This agreement had no impact on fiscal year 2011. In addition, none of the above-mentioned Commitments has been signed to date.

Neuilly-sur-Seine and Paris-La Défense, March 6, 2012

Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres	MAZARS
Véronique Laurent	Pascal Macioce	Isabelle Sapet
Pascal Pincemin	Charles-Emmanuel Chosson	Thierry Blanchetier

4.4.2 TRANSACTIONS WITH RELATED PARTIES

See note 24 of the Consolidated Financial Statements.

4.4.3 SERVICE CONTRACTS BINDING MEMBERS OF CORPORATE GOVERNANCE BODIES

To GDF SUEZ' knowledge, there is no service contract binding members of the Company's management bodies or any of its subsidiaries that provides for benefits to be granted under such a contract.

4.5 COMPENSATION AND BENEFITS PAID TO MEMBERS OF CORPORATE GOVERNANCE BODIES

4.5.1 COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

Compensation of executive corporate officers is determined by the Board of Directors based on Compensation Committee proposals, 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.

4.5.1.1 Fixed compensation

On the recommendation of the Compensation Committee, the Board maintained the same fixed compensation for 2011 as in 2010 for the two executive corporate officers.

In 2011 GDF SUEZ paid Gérard Mestrallet, Chairman and Chief Executive Officer, total fixed compensation of €1,405,469, including benefits in kind of €5,469.

In 2011 GDF SUEZ paid Jean-François Cirelli, Vice-Chairman and President, total fixed compensation of €1,001,216, including benefits in kind of €1,216.

At its meeting of February 8, 2012, on the recommendation of the Compensation Committee, the Board of Directors decided that fixed compensation for 2012 for the two executive corporate officers would remain unchanged compared to 2011.

4.5.1.2 Retirement plans

With regard to retirement plans, at its meeting of November 12, 2008, the Board of Directors of GDF SUEZ approved the Compensation Committee's proposals not to terminate, and to renew, 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 of the Vice-Chairman and President, who will continue to be covered by the special retirement plan for electricity and gas industries applicable to Gaz de France. This decision, formalized under a regulated agreement, was submitted to, and approved by, the GDF SUEZ General Shareholders' Meeting of May 4, 2009.

Gérard Mestrallet is not covered by an individual retirement benefit plan. In addition to pension systems under ordinary law (known under the French acronyms CNAV, ARRCO and AGIRC), he continues to be covered by group retirement plans applicable to all executives of the former Suez Group, which are as follows:

- a defined contribution plan: The basis used is gross annual compensation and the 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, which concerns employees whose overall compensation is from four to 50 times the annual French social security ceiling. It provides for payment of an annuity equal to the sum of 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 50 times the social security ceiling, minus any annuities paid under other supplementary retirement plans, calculated on the basis of bracket C of the compensation.

The benefits paid under the defined benefits plan are calculated based on a maximum of ten years' services in the Group. In addition, they are somewhat uncertain as the employees 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 calculated prorata based on the employee's actual length of service.

The group retirement plan covering Gérard Mestrallet is now managed by GDF SUEZ Management Company, a wholly-owned French subsidiary of GDF SUEZ, which covers the senior managers of GDF SUEZ under French employment contracts and benefiting (like Mr. Mestrallet) from the retirement and benefit plans that existed under the former Suez Group.

At its meeting of September 20, 2011, the Board of Directors therefore approved the Compensation Committee's proposals to transfer Gérard Mestrallet's suspended employment contract from GDF SUEZ to GDF SUEZ Management Company, since he is a corporate officer, as well as those of senior managers who, like him, are covered by the retirement and benefit plans of the former Suez Group. This transfer took the form of a regulated agreement that will be submitted for approval to the General Shareholders' Meeting of 2012, called to approve the financial statements for fiscal 2011. The employment contract in question remains suspended.

Gérard Mestrallet has stated that, if his current position were to be renewed, his employment contract, which was automatically suspended when he became an executive corporate officer, would be definitively terminated at his own instigation, pursuant to the AFEP-MEDEF Code (see 4.5.1.4, note (a)). Gérard Mestrallet will request the liquidation of his general retirement plans with the Caisse Nationale d'Assurance Vieillesse, ARRCO and AGIRC, and of the GDF SUEZ supplementary plan, but will not receive, during the period for which his current office is renewed, any annuity arrears arising from the GDF SUEZ supplementary plan.

Jean-François Cirelli is covered by a mandatory, special statutory retirement plan, which is defined by the national statute of employees of the Electricity and Gas Industries (EGI), instituted by the Nationalization Act 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 EGI's special retirement plan 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.

4.5.1.3 Severance pay and no-competition clause

GDF SUEZ does not currently offer any signing bonus or golden parachute to corporate officers. Neither is any compensation payable to executive corporate officers under no-competition clauses.

4.5.1.4 Employment contract, special retirement plans, severance pay and no-competition clause

	Employment contract	Supplementary retirement plan	Compensation or benefits due or likely to be due on termination or change of function	Compensation due under a no-competition clause
Gérard Mestrallet Chairman & Chief Executive Officer	Yes (1) (2)	Yes (2)	No (1)	No
Jean-François Cirelli Vice-Chairman and President	No	No (2)	No	No

(1) This employment contract dates from June 1986 when Gérard Mestrallet joined the Group and was automatically suspended when he was appointed Chairman and Chief Executive Officer of Suez in July 1995. This suspended employment contract has not been amended since then by the Board of Directors. As such, it does not cover his compensation or the duration of his duties as Chairman and CEO.

(2) See section 4.5.1.2.

4.5.1.5 Variable compensation

On the recommendation of the Compensation Committee, variable compensation paid in 2011 for 2010 was set by the Board of Directors of GDF SUEZ at its meeting of March 2, 2011, at €1,917,099 for Gérard Mestrallet and €1,022,501 for Jean-François Cirelli.

This variable compensation is structured into two components: a quantitative component (70%) and a qualitative component (30%). The quantitative criteria used are EBITDA and free cash flow (1/3), net recurring income, Group share, and debt ratio (1/3) and Efficio (1/3). The 2010 quantitative targets were based on the Group's projected budget as approved by the Board of Directors on January 20, 2010.

Variable compensation for 2011 to be paid in 2012 is structured into two components: a quantitative component (70%) and a qualitative component (30%).

The quantitative criteria used are EBITDA and free cash flow (1/3), Group adjusted earnings per share and ROCE (1/3) and Efficio and Group debt (net debt) (1/3). The quantitative targets for 2011 were included in the Group's projected budget as approved by the Board of Directors on March 2, 2011.

In 2011, Gérard Mestrallet's target bonus was set at 130% of his fixed compensation and capped at 150%. Jean-François Cirelli's target bonus was set at 100% and capped at 120%.

At its meeting of February 29, 2012, the Board of Directors, on the recommendation of the Compensation Committee, set the variable compensation for 2011 as follows:

- for Gérard Mestrallet: €1,683,898, against €1,917,099 for 2010, a decrease of 12.2%;
- for Jean-François Cirelli: €842,036, against €1,022,501 for 2010, a decrease of 17.6%.

4.5.1.6 Summary of compensation of each executive corporate officer

	Fiscal year 2011		Fiscal year 2010	
In euros	Amount due	Amount paid	Amount due	Amount paid
Gérard Mestrallet *Chairman & Chief Executive Officer*				
Fixed compensation (1)	1,400,000	1,400,000	1,400,000	1,400,000
Variable compensation (2)	1,683,898	1,917,099	1,917,099	1,935,266
Exceptional compensation	0	0	0	0
Directors' fees	0	0	See fixed compensation	See fixed compensation
Benefits in kind (3)	5,469	5,469	5,469	5,469
TOTAL	**3,089,367**	**3,322,568**	**3,322,568**	**3,340,735**
Jean-François Cirelli *Vice-Chairman and President*				
Fixed compensation	1,000,000	1,000,000	1,000,000	1,000,000
Variable compensation (2)	842,036	1,022,501	1,022,501	1,063,334
Exceptional compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind (4)	1,216	1,216	1,285	1,285
TOTAL	**1,843,252**	**2,023,717**	**2,023,786**	**2,064,619**

(1) Directors' fees paid in 2010 were deducted from the fixed salary due for that fiscal year. In 2010, Gérard Mestrallet was thus paid €207,313 in Directors' fees, the balance of €1,192,687 having been paid in fixed salary.

(2) The total amount of fixed compensation due for 2010 was determined and paid in March 2011.

The total amount of variable compensation due for 2011 was determined on February 29, 2012 and paid in March 2012.

(3) Benefits in kind include: vehicle.

(4) Benefits in kind include: energy.

4.5.1.7 Summary of compensation for each executive corporate officer

In euros	Fiscal year 2011	Fiscal year 2010
Gérard Mestrallet *Chairman & Chief Executive Officer*		
Compensation due for the fiscal year *(detailed in the preceding table)*	3,089,367	3,322,568
Valuation of options granted during the year**	0	0
Valuation of Performance Shares granted during the year**:		
• For 2010 (Board of 01/13/2011)	0	1,706,070*
TOTAL	**3,089,367**	**5,028,638**
Jean-François Cirelli *Vice-Chairman and President*		
Compensation due for the fiscal year *(detailed in the preceding table)*	1,843,252	2,023,786
Valuation of options granted during the year**	0	0
Valuation of Performance Shares granted during the year**:		
• For 2010 (Board of 01/13/2011)	0	1,176,600*
TOTAL	**1,843,252**	**3,200,386**

* *According to the method used for the consolidated financial statements.*
** *There are no hedging instruments covering options or performance shares granted to corporate executive officers.*

Total compensation and benefits for the Chairman and Chief Executive Officer and the Vice-Chairman and President in 2011 break down as follows:

In euros	Fixed compensation	Variable compensation	Total compensation	Valuation of options granted	Valuation of Performance Shares granted*
Gérard Mestrallet *Chairman & Chief Executive Officer*	1,405,469	1,683,898	3,089,367	0	1,706,070
Jean-François Cirelli *Vice-Chairman and President*	1,001,216	842,036	1,843,252	0	1,176,600

* *According to the method used for the consolidated financial statements. Plan of January 13, 2011 for fiscal year 2010.*

4.5.2 COMPENSATION OF EXECUTIVES WHO ARE NOT CORPORATE OFFICERS (MEMBERS OF THE MANAGEMENT COMMITTEE AND OTHER MEMBERS OF THE EXECUTIVE COMMITTEE)

The compensation of these executives 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 and to 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 executives to the Group's results.

Of the variable portion paid in 2011 for 2010, 40% was calculated using economic criteria (EBITDA, free cash flow and net recurring income, Group share, and 60% was calculated using qualitative criteria.

SUMMARY TABLE OF GROSS COMPENSATION, INCLUDING BENEFITS IN KIND, FOR EXECUTIVES WHO ARE NOT CORPORATE OFFICERS (MANAGEMENT COMMITTEE AND OTHER EXECUTIVE COMMITTEE MEMBERS)*

	2011	2010
GDF SUEZ		
Fixed *(in euros)*	11,864,960	9,315,616
Variable *(in euros)*	13,466,951	11,329,008
TOTAL *(in euros)*	**25,331,911**	**20,644,624**
Number of members	26	17

* *Compensation for the Executive Committee members has been calculated relative to their length of service on the Executive Committee (two members for two and 10 months respectively, in 2010; seven members for eight months, three members for 11 months, six months and three months respectively in 2011).*

4.5.3 RETIREMENT PROVISION

The total funded amount of retirement commitments for members of the Executive Committee (including members of the Management Committee) was €89 million at December 31, 2011. The Group has a policy of funding pension obligations via planned assets unless they are specifically dedicated to the pension liabilities of Executive Committee members.

4.5.4 COMPENSATION OF EXECUTIVES WHO ARE NOT CORPORATE OFFICERS AND NON-VOTING DIRECTORS

4.5.4.1 Directors and non-voting Directors appointed by the General Shareholders' Meeting

Upon motion of the Board of Directors, the General Shareholders' Meeting sets the total annual amount of Directors' fees, to be distributed by the Board among its members.

At the recommendation of the Compensation Committee, the Board of Directors, at its meetings of August 29, 2008, January 20, 2010 and December 6, 2011, established the rules for distributing the total annual budget set by the Gaz de France General 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. (Note that Gérard Mestrallet, Chairman and Chief Executive Officer, 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 GENERAL SHAREHOLDERS' MEETING

Director	
• Fixed fee	€35,000 per year
• Variable fee, dependent on attendance	€2,571 per meeting The maximum variable amount per Director is capped at €17,997 per year
Non-voting Director	
• Fixed fee	€20,000 per year
• Variable fee, dependent on 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 fee	€40,000 per year
• Variable fee, dependent on attendance	None
Committee member:	
• Fixed fee	€10,000 per year
• Variable fee, dependent on attendance	€1,000 per meeting
Strategy and Investment Committee	
Chairman:	
• Fixed fee	€25,000 per year
• Variable fee, dependent on attendance	None
Committee member:	
• Fixed fee	€7,000 per year
• Variable fee, dependent on attendance	€1,000 per meeting
Ethics, Environment and Sustainable Development Committee	
Chairman:	
• Fixed fee	€15,000 per year
• Variable fee, dependent on attendance	None
Committee member:	
• Fixed fee	€7,000 per year
• Variable fee, dependent on attendance	€1,000 per meeting
Compensation Committee	
Chairman:	
• Fixed fee	€15,000 per year
• Variable fee, dependent on attendance	None
Committee member:	
• Fixed fee	€7,000 per year
• Variable fee, dependent on attendance	€1,000 per meeting
Nominations Committee	
Chairman:	
• Fixed fee	€15,000 per year
• Variable fee, dependent on attendance	None
Committee member:	
• Fixed fee	€7,000 per year
• Variable fee, dependent on attendance	€1,000 per meeting

The Chairman of the Audit Committee also receives agendas from the Strategy and Investment Committee and may take part in this Committee's Meetings. The same applies to the Chairman of the Strategy and Investment Committee with regard to Audit Committee Meetings. This being the case, they are entitled (with effect from January 1, 2011) to compensation as members of these committees (fixed and variable portions dependent on attendance).

On the basis of the above, the executives who are not corporate officers received the Directors' fees shown in the above table for fiscal 2011. (Note that unless otherwise indicated, no other compensation was paid to these officers by the Company or by its subsidiaries for the said fiscal year.)

TOTAL COMPENSATION PAID TO NON-EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS APPOINTED BY THE GENERAL SHAREHOLDERS MEETING

In euros	Fiscal year 2011 (1)	Fiscal year 2010 (1)
Albert Frère	42,713 (2)	50,426 (2)
Edmond Alphandéry	83,997	86,997
Jean-Louis Beffa	76,997	75,426
Aldo Cardoso	104,997	92,997
René Carron	75,997	66,080
Étienne Davignon (4)	N/A	32,130 (2)
Paul Desmarais Jr.	68,997 (2)	68,997 (2)
Jacques Lagarde (4)	N/A	30,142 (2)
Anne Lauvergeon	74,997	74,997
Françoise Malrieu (3)	41,330	N/A
Thierry de Rudder	96,997	92,497 (2)
Lord Simon of Highbury	67,997 (2)	67,997 (2)
Richard Goblet d'Alviella (non-voting Director)	37,997 (2)	37,997 (2)
Philippe Lemoine (non-voting Director)	37,997	37,997
TOTAL	**811,013**	**814,680**

(1) The Directors' fees due for 2010 (period from January 1 to December 31, 2010) were paid in 2010. The Directors' fees due for 2011 (period from January 1 to December 31, 2011) were paid in 2011.

(2) Before the 25% withholding tax levied on Directors' fees paid to Directors residing outside France.

(3) Director since May 2, 2011.

(4) Director until May 3, 2010.

4.5.4.2 Directors representing the French state

Directors representing the French state received no personal compensation (Directors' fees or other) from the Company or from companies controlled by the Company in consideration of their service as Directors. (Nb : the amount of Directors' fees corresponding to their service on the Board (€386,698) is paid directly to the Public Treasury in accordance with applicable rules)

This applies to Jean-Paul Bailly, Bruno Bézard, Olivier Bourges, Pierre-Franck Chevet, Ramon Fernandez and Pierre Mongin.

4.5.4.3 Directors representing employees and employee shareholders

Directors representing 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 of their service as Directors.

This applies to Alain Beullier, Anne-Marie Mourer, Patrick Petitjean and Gabrielle Prunet.

4.5.5 INFORMATION ON STOCK OPTIONS AND THE AWARD OF BONUS SHARES OR PERFORMANCE SHARES

4.5.5.1 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 (the "Balladur Act") imposes restrictions on the free availability of shares resulting from the exercise of options and of performance shares granted to executive corporate officers under share allocation plans implemented on or 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 options exercised and of vested Performance Shares, so that after a certain point, the corporate officers and, more generally, Executive Committee members, would hold a portfolio of GDF SUEZ shares corresponding to a fraction of their compensation.

The Board of Directors of the former Suez SA had applied this provision to each designated person: 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 lapsed.

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. Note that the Board set the share ownership requirement at 200% of fixed compensation for the two executive corporate officers (1), and at 150% and 100% of this fixed compensation respectively for other members of the Management Committee and 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 SA.

4.5.5.2 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. This mechanism largely anticipates the AMF's recommendations of November 3, 2010 regarding the prevention of insider trading by executive corporates. 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 15 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 not to 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 mandatory for the executive corporate officers and for the other members of the Management Committee and optional for the other members of the Executive Committee.

4.5.5.3 Stock option plans and bonus share or Performance Share plans implemented during fiscal year 2011

Authorizations of the General Shareholders' Meeting of May 3, 2010

The sixteenth and seventeenth resolutions of the GDF SUEZ Combined General Shareholders' Meeting of May 3, 2010 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 0.5% of the share capital on the date of the decision to allocate shares. No allocations were made in 2010 under this authorization.

Performance Share Plans for 2010 (Board Meetings of January 13, 2011 and March 2, 2011)

Under the authorization granted by the General Shareholders' Meeting of May 3, 2010, the Board of Directors, at its meeting of January 13, 2011, decided to implement Performance Share Plans for certain employees of GDF SUEZ and its subsidiaries, and for the two executive corporate officers. The main features of these plans are described in pages 224 et seq. of the GDF SUEZ 2010

(1) *In view of this demanding obligation, the purchase of additional shares upon availability of the Performance Shares allocated (Article 20.2.3 of the AFEP-MEDEF Code) was not imposed.*

Registration Document, which was filed with the AMF under No. D11-0186 on March 28, 2011. Moreover, the Board of Directors, at its meeting of March 2, 2011, decided, under the authorization given by the General Shareholders' Meeting of May 3, 2010, to implement a Performance Share Plan for certain employees (traders) of Gaselys, a subsidiary of the GDF SUEZ Group, in accordance with the Decree of November 3, 2009 relating to the compensation of financial market professionals and with European Directive CRD3 of November 24, 2010. The main features of this plan are described on page 226 of the GDF SUEZ 2010 Registration Document, which was filed with the AMF under No. D.11-0186 of 28 March 2011.

Authorizations of the General Shareholders' Meeting of May 2, 2011

The fifteenth resolution of the GDF SUEZ Combined General Shareholders' Meeting of May 2, 2011 authorized the Board of Directors award bonus shares to employees and/or corporate officers of the Company and/or companies belonging to the Group up to the limit of 0.5% of the share capital on the date of the decision to allocate shares. Also note that the General Shareholders' Meeting was not asked to renew the authorization to grant stock options.

Performance Share Plans for 2011 (Board Meetings of December 6, 2011 and February 29, 2012)

Under the authorization granted by the General Shareholders' Meeting of May 2, 2011, the Board of Directors, at its meeting of December 6, 2011, decided to implement Performance Share Plans for certain employees of GDF SUEZ and its subsidiaries, and to postpone until 2012 its decision for a grant to corporate executive officers. The main features of this plan are as follows:

a) a plan with two performance criteria, the application of which led to the allocation of 1,592,900 Performance Shares to 464 beneficiaries;

b) a plan with a single performance criterion, the application of which led to the allocation of 1,404,020 Performance Shares to 5,531 beneficiaries, the majority of whom received 60 to 150 Performance Shares each.

The Board of Directors set the following schedule and conditions for the plans:

Vesting period	From December 6, 2011 to March 14, 2015 (2016 for some countries)
Presence on payroll at (1)	March 14, 2015 (2016 for some countries)
Final vesting date	March 15, 2015 (2016 for some countries)
Lock-up period (2)	From March 15, 2015 to March 14, 2017 (no holding if vested in 2016)
Transferable from	From March 15, 2017 (2016 for some countries)
Performance conditions (3)**:**	
Dual-condition plan	50% based on GDF SUEZ's EBITDA for fiscal year 2014 compared with target 2014 EBITDA 50% based on Total Shareholder Return (TSR) (stock market performance, reinvested dividend) of the GDF SUEZ share compared with those of companies on the Eurostoxx Utilities Index (Eurozone)
Single-condition plan	TSR (stock market performance, reinvested dividend) of the GDF SUEZ share compared with those of companies on the Eurostoxx Utilities Index (Eurozone)

(1) Current employment contract with a Group company at these dates (except in cases of retirement, death, disability or exceptional decision).

(2) Mandatory holding period for vested shares (except in the case of death or disability).

(3) Performance conditions.

a) Internal condition related to the change in EBITDA for fiscal 2014 compared with target EBITDA for 2014 (pro forma):
EBITDA 2014 < EBITDA 2011: success rate of 0%;
EBITDA 2014 = EBITDA 2011: success rate of 33%;
EBITDA 2014 > EBITDA 2011: progressive and linear success rate from 33% and < target EBITDA for 2014;
EBITDA 2014 >= target EBITDA for 2014: success rate of 100%.

b) external condition related to the TSR (stock market performance, reinvested dividend) of the GDF SUEZ share compared with the TSR (stock market performance, reinvested dividend) of companies on the Eurostoxx Utilities Index (Eurozone):
GDF SUEZ TSR <= 90% of TSR of Eurostoxx Utilities Eurozone companies: success rate of 0%;
GDF SUEZ TSR = 100% of TSR of Eurostoxx Utilities Eurozone companies: success rate of 70%;
GDF SUEZ TSR >= 103% of TSR of Eurostoxx Utilities Eurozone companies: success rate of 100%.
For intermediate results (from 90% to 100% and from 100% to 103%): progressive and linear success rate.
To smooth the possible effects of volatility (gain or loss), the TSR (stock market performance, reinvested dividend) will be calculated by taking the average of the TSRs (stock market performance, reinvested dividend) of GDF SUEZ and the Eurostoxx Utilities Eurozone companies over two months, namely October-November 2011, then January-February 2015.
For the dual condition plan, the sum of the success rate in (a) and (b) is divided by two to obtain a total success rate.

Under the authorization given by the General Shareholders' Meeting of May 2, 2011, the Board of Directors, at its meeting of February 29, 2012, decided to implement a Performance Share Plan for certain employees (traders) of GDF SUEZ Trading (formerly Gaselys), a subsidiary of GDF SUEZ, in accordance with the Decree of November 3, 2009 and with European Directive CRD3 of November 24, 2010 relating to the compensation of financial market professionals.

The Decree of December 13, 2010, amending various regulations governing the control of the compensation of personnel engaged in activities that may affect the risk profile of credit institutions and investment firms, along with various prudential requirements, extends the obligation to defer a portion of variable compensation to other personnel having a significant impact on the risk profile of the companies referred to in this Decree. Consequently, a substantial portion of the variable compensation of the plan's beneficiaries is deferred for three years after the allocation year; it is also linked to the shares of the Company, the final vesting of which is subject to the performance conditions specific to the activity. In 2012, the Belgian trading activity became a subsidiary of GDF SUEZ Trading. Consequently, the number of persons covered by a mandatory deferred compensation mechanism is greater than in 2010.

Under this plan, 32 employees of GDF SUEZ Trading were allocated a total of 70,778 GDF SUEZ Performance Shares.

The Board of Directors set the following schedule and conditions for the plans:

Vesting period	From February 29, 2012 to March 14, 2014 for one-third of the shares From February 29, 2012 to March 14, 2015 for the other two-thirds
Presence on payroll at (1)	March 14, 2014 for one-third of the shares March 14, 2015 for the other two-thirds
Final vesting date	March 15, 2014 for one-third of the shares March 15, 2015 for the other two-thirds
Lock-up period (2)	From March 15, 2014 to March 14, 2016 for one-third of the shares From March 15, 2015 to March 14, 2017 for the other two-thirds
Transferable from	From March 15, 2016 for one-third of the shares From March 15, 2017 for the other two-thirds
Performance conditions	• based on GDF SUEZ Trading's EBITDA for fiscal year 2013 for one-third of the shares • based on GDF SUEZ Trading's EBITDA for fiscal year 2014 for the other two-thirds

(1) Current employment contract with a Group company at these dates (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares (except in the case of death or disability).

Global Bonus Share Plan of June 22, 2011

See section 3.3.5.1 of this Registration Document.

4.5.6 STOCK OPTIONS GRANTED TO, AND EXERCISED BY, EACH EXECUTIVE CORPORATE OFFICER – RECAP OF CURRENT PLANS

4.5.6.1 GDF SUEZ stock subscription and purchase options granted to executive corporate officers by GDF SUEZ and all GDF SUEZ Group companies in fiscal year 2011

None.

4.5.6.2 GDF SUEZ stock subscription and purchase options exercised by the executive corporate officers of GDF SUEZ in fiscal year 2011

	Plan	Number of options exercised in the fiscal year	Exercise price *(in euros)*
Gérard Mestrallet *Chairman & Chief Executive Officer*	Suez Plan of November 19, 2003	50,000*	12.39
TOTAL		**50,000**	
Jean-François Cirelli *Vice-Chairman and President*	N/A	N/A	N/A
TOTAL		**N/A**	

* *Stock subscription options.*

4.5.6.3 Recap of current GDF SUEZ stock purchase option plans

	Plan of November 12, 2008	Plan of November 10, 2009
Date of authorizing 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 purchasable	6,375,900 (2)	5,121,406 (2)
Total number of shares purchasable by executive corporate officers:		
• Gérard Mestrallet	0 (3)	0 (3)
• Jean-François Cirelli	0 (3)	0 (3)
Terms of exercise	(4)	(7)
Purchase price *(en euros)*	32.74	29.44
Number of options exercised (5)	0	0
Number of options canceled (6)	41,646	32,407
Balance on December 31, 2011	6,334,254	5,088,999

(1) Stock options may also be exercised early in the event of retirement or death.
(2) Balance on December 31, 2010.
(3) Gérard Mestrallet and Jean-François Cirelli waived their stock options for fiscal years 2008 and 2009.
(4) For the other members of the Executive Committee, 45% of the 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, 2011.
(6) Cancelled from January 1 to December 31, 2011.
(7) For other Group senior managers, 50% of the options are subject to "simple" conditions. These conditions will be tested in November 2013.

4.5.6.4 Recap of current GDF SUEZ stock subscription option plans

The stock subscription option 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 General Shar eholders' Meeting of July 16, 2008, which, in its fourth r esolution, approved the merger with SUEZ.

	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan
Date of authorizing Shareholders' Meeting	05/04/2001	05/04/2001	05/04/2001	04/27/2004	04/27/2004	04/27/2004	05/04/2007
Total number of shares purchasable as of December 31, 2010 *(adjusted for the merger)*	5,682,343	1,780,240	1,591,168	5,459,192	6,071,401	5,763,617	4,493,070
Total number of shares purchasable by corporate officers(1) as of December 31, 2010:	562,141	0	50,000	314,841	408,899	403,504	0
Start date for the exercise of options (2)	11/28/2005	11/20/2006	11/19/2007	11/17/2008	12/09/2009	01/17/2011	11/14/2011
Expiration date	11/28/2011	11/19/2012	11/18/2011	11/16/2012	12/08/2013	01/16/2015	11/13/2015
Terms of exercise		*No specific terms*	(3)	(4)	(5)	(6)	(7)
Subscription price in euros *(adjusted for the merger)* (8)	30.70	15.71	12.39	16.84	22.79	36.62	41.78
Options exercised from January 1, 2011 to December 31, 2011	0	152,235	1,447,520	371,676	369,020	0	0
Options cancelled from January 1, 2011 to December 31, 2011	5,682,343	10,668	143,648	25,116	11,249	21,960	20,856
Balance at December 31, 2011	0	1,617,337	0	5,062,400	5,691,132	5,741,657	4,472,214

(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 options were 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 were met in November 2008.

(5) For the members of the Executive Committee at the time, 45% of the options were subject to "simple" conditions and 10% to "stricter" conditions. These conditions were met in December 2009.

For other Group senior managers, 50% of the options 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 options were subject to "simple" conditions and 10% to "stricter" conditions. These conditions were met in January 2011.

For other Group senior managers, 50% of the options are subject to "simple" conditions. These conditions were met in January 2011.

(7) For the members of the Executive Committee at the time, 45% of the options were subject to "simple" conditions and 10% to "stricter" conditions. These conditions were met in November 2011.

For other Group senior managers, 50% of the options are subject to "simple" conditions. These conditions were met in November 2011.

(8) The stock options were adjusted for the merger in accordance with the statutory provisions and terms approved by the shareholders at the General Shareholders' Meetings on the merger of July 16, 2008 (see merger prospectus).

4.5.6.5 Recap of stock subscription or purchase options held by Gérard Mestrallet at December 31, 2011

Plan	SUEZ 11/17/2004	SUEZ 12/09/2005	SUEZ 01/17/2007
Exercise date	11/17/2008	12/09/2009	01/17/2011
End date	11/16/2012	12/08/2013	01/16/2015
Exercise price in euros (1)	16.84	22.79	36.62
Balance of options at December 31, 2011:			
• Condition of service only	88,564	185,863	180,515
• Performance condition	188,564(2)	185,863(4)	185,824(6)
• "Stricter" performance condition	37,713(3)	37,173(5)	37,165(7)

(1) Price adjusted for the merger.
(2) Options were subject to a performance condition, which was met in November 2008.
(3) Options were subject to a "stricter" performance condition, which was met in November 2008.
(4) Options were subject to a performance condition, which was met in December 2009.
(5) Options were subject to a "stricter" performance condition, which was met in December 2009.
(6) Options were subject to a performance condition, which was met in January 2011.
(7) Options were subject to a "stricter" performance condition, which was met in January 2011.

4.5.6.6 Recap of stock subscription or purchase options held by Jean-François Cirelli at December 31, 2011

None.

4.5.7 PERFORMANCE SHARES AWARDED AND AVAILABLE TO EACH EXECUTIVE CORPORATE OFFICER - RECAP OF CURRENT PLANS

4.5.7.1 GDF SUEZ Performance Shares allocated to each GDF SUEZ executive corporate officer by GDF SUEZ and all other companies of the GDF SUEZ Group in 2011

	Plan	Number of shares allocated	Valuation of shares *(in euros)* (2)	Vesting date	Date of availability	Performance conditions
Gérard Mestrallet *Chairman & Chief Executive Officer*	01/13/2011(1)	87,000	1,706,070	03/15/2014	03/15/2016	- EBITDA 2013 (1/3)- TSR/ Eurostoxx Utilities (1/3) - ROCE 2013 (1/3)
Jean-François Cirelli *Vice-Chairman and President*	01/13/2011(1)	60,000	1,176,600	03/15/2014	03/15/2016	- 2013 EBITDA (1/3)- TSR/ Eurostoxx Utilities (1/3) – 2013 ROCE (1/3)

(1) Plan for 2010.
(2) According to the method used for the consolidated financial statements.

4.5.7.2 GDF SUEZ Performance Shares that became available for each executive corporate officer of GDF SUEZ in fiscal year 2011

	Plan	Vesting date	Date of availability	Number of shares becoming available
Gérard Mestrallet *Chairman & Chief Executive Officer*	07/12/2007 Suez Plan	03/15/2009	03/15/2011	3,186 GDF SUEZ shares(1)
Jean-François Cirelli *Vice-Chairman and President*	06/20/2007 Gaz de France plan	06/23/2009	07/01/2011	30 GDF SUEZ shares(2)

(1) Vested shares are subject to a lock-up period under the "Balladur" rules (see section 4.5.5.1 of this Registration Document).
(2) These shares may not be sold while in office.

4.5.7.3 Recap of current GDF SUEZ Performance Share plans

The Performance Share plans previously granted by the former SUEZ SA and still valid wer e adopted by GDF SUEZ in accordance with the commitments made at the Gaz de France Combined General Shaeholders' Meeting of July 16, 2008, which, in its fourth esolution, approved the merger with SUEZ.

For year:	2007	2008	
	2007 plan	06/01/2008 plan	2008 plan
Date of authorizing Shareholders' Meeting	05/04/2007	05/04/2007	07/16/2008
Date of Board decision	11/14/2007	05/06/2008	11/12/2008
Share price in euros (1)	42.4	39.0	28.5
Start of vesting period (2)	11/14/2007	06/01/2008	11/12/2008
End of vesting period	03/14/2010(3)	31/05/2012(7)	03/14/2011(9)
Start of lock-up period	03/15/2010(4)	None (7)	03/15/2011(4)
End of lock-up period	03/14/2012(5)	None (7)	03/14/2013(10)
Related conditions	(6)	(18)	(11)
Shares vested as of December 31, 2011	186,826	18,551	1,766,203
Shares vested from January 1, 2011 to December 31, 2011	85	0	527,243
Shares canceled from January 1, 2011 to December 31, 2011	2,768	0	1,095,001
Balance at December 31, 2012	183,973	18,551	143,959

(1) According to the method used for the consolidated financial statements.
(2) Early vesting possible in the event of death or permanent disability. Condition of presence on payroll at the vesting date.
(3) For France, Belgium, Italy and Spain; for other countries, March 3, 2012.
(4) For France, Belgium, Italy and Spain; for other countries, no lock-up period.
(5) For France, Belgium; for Italy and Spain, March 14, 2013; for other countries, no lock-up period.
(6) Condition on 2009 EBITDA 60.1% met.
(7) Except for France: end of vesting period May 31, 2010, start of lock-up period June 1, 2010 and end of lock-up period May 31, 2012.
(8) Conditions: 50% condition on 2009 Group EBITDA 60.1% met; 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, Belgium; for Italy and Spain, March 14, 2014; for other countries, no lock-up period.
(11) Condition on 2010 EBITDA 38.54% met.
(12) For France, Belgium, Italy and Spain; for other countries, March 14, 2014.
(13) For France, Belgium; for Italy and Spain, March 14, 2015; for other countries, no lock-up period.
(14) Condition on 2011 EBITDA.
(15) 50% condition on 2011 EBITDA, and 50% on the share price performance compared to Euro Stoxx Utilities.
(16) March 14, 2012 for 1/3 and March 14, 2013 for 2/3.
(17) March 15, 2012 for 1/3 and March 15, 2013 for 2/3.
(18) March 14, 2014 for 1/3 and March 14, 2015 for 2/3.
(19) GDF SUEZ Trading 2011 ROE for 1/3 and GDF SUEZ Trading 2012 ROE for 2/3.
(20) For France, Belgium, Spain and Romania, with lock-up from March 15, 2014 to March 14, 2016 inclusive and transferable from March 15, 2016; for other countries, vesting on March 14, 2015 with no lock-up period.
(21) For 3,367 beneficiaries, dual condition: 50% based on 2013 EBITDA and 50% on the share price performance compared with the Eurostoxx Utilities Index; for 3,480 beneficiaries, a single condition based on 2013 EBITDA; for corporate officers, triple condition: 1/3 based on 2013 EBITDA, 1/3 on TSR compared with Eurostoxx Utilities companies, 1/3 on 2013 ROCE.
(22) 50% based on 2012 GDF SUEZ Trading EBITDA and 50% based on 2013 GDF SUEZ Trading EBITDA.
(23) For France, Belgium and Spain, with lock-up from March 15, 2015 to March 14, 2017 inclusive and transferable from March 15, 2017; for other countries, vesting on March 14, 2016 with no lock-up period.
(24) For 464 beneficiaries, dual condition: 50% based on 2014 EBITDA and 50% on the TSR (stock market performance, reinvested dividend) of GDF SUEZ compared with the TSR (stock market performance, reinvested dividend) of the Eurostoxx Utilities Eurozone countries; for 5,531 beneficiaries, simple condition based on the TSR (stock market performance, reinvested dividend) of GDF SUEZ compared with the TSR (stock market performance, reinvested dividend) of Eurostoxx Utilities Eurozone companies.
(25) EBITDA GDF SUEZ Trading 2013 (50%) and EBITDA GDF SUEZ Trading 2014 (50%).

2009			2010		2011	
2009 plan	**01/20/10 plan**	**03/03/2010 traders' plan**	**2010 plan**	**03/02/2011 traders' plan**	**2011 plan**	**02/29/2012 traders' plan**
05/04/2009	05/04/2009	05/04/2009	05/03/2010	05/03/2010	05/02/2011	05/02/2011
11/10/2009	01/20/2010	03/03/2010	01/13/2011	03/02/2011	12/06/2011	02/29/2011
24.8	18.5	21.5	18.1	23.3	11.3	15.1
11/10/2009	01/20/2010	03/03/2010	01/13/2011	03/02/2011	12/06/2011	02/29/2012
03/14/2012[12]	03/14/2012	03/14/2012[16] and 03/14/2013	03/14/2014[20]	03/14/2013 and 03/14/2014	03/15/2015[23]	03/14/2014 and 03/14/2015
03/15/2012[4]	03/15/2012	03/15/12[17] and 03/15/13	03/15/2014[20]	03/15/13 and 03/15/14	03/15/2015[23]	03/15/2014 and 03/15/2015
03/14/2014[13]	03/14/2014	03/14/14[18] and 03/14/15	03/14/2016[20]	03/15/15 and 03/15/16	03/14/2017[23]	03/15/2016 and 03/15/2017
(14)	(15)	(19)	(21)	(22)	(24)	(25)
1,660,094	348,660	47,779	0	0	0	0
420	0	0	90	0	0	0
19,370	0	0	37,362	0	0	0
1,640,304	348,660	47,779	3,388,734	57,337	2,996,920	70,778

4.5.7.4 Recap of Performance Shares held by Gérard Mestrallet at December 31, 2011

Plan	02/13/2006 SUEZ	02/12/2007 SUEZ	11/12/2008 GDF SUEZ	01/13/2011 GDF SUEZ
Terms	2007 ROCE	2008 ROCE	2010 EBITDA	- 2013 EBITDA (1/3) - TSR (stock market performance, reinvested dividend)/ Eurostoxx Utilities Eurozone (1/3) - 2013 ROCE (1/3)
Vesting date (1)	03/15/2008	03/15/2009 (3)	03/15/2011 (3)	03/15/2014 (3)
Shares being vested	0	0	0	87,000
Shares vested	2,000 (2)	3,186 (4)	3,469 (5)	0
Transferable from	03/15/2010	03/15/2011	03/15/2013	03/15/2016

(1) Subject to dual condition 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 shares were converted to:

- ⇔ *1,890 GDF SUEZ shares;*
- ⇔ *500 SUEZ Environnement Company shares; and*
- ⇔ *20 SUEZ ("fractional") shares, entitling the allocation of GDF SUEZ shares (compensated in August 2010 in accordance with the SUEZ and Gaz de France merger prospectus).*

(3) Vested shares are subject to a lock-up period under the "Balladur" rules (see section 4.5.5.1 of this Registration Document).

(4) Condition met.

(5) Condition partially met.

4.5.7.5 Recap of Performance Shares held by Jean-François Cirelli at December 31, 2011

Plan	06/20/2007* Gaz de France	05/28/2008* Gaz de France	11/12/2008 GDF SUEZ	01/13/2011 GDF SUEZ
Terms	2007 EBO and 2008 EBO (1)	2008 EBO and 2009 EBO (3)	2010 EBITDA (4)	- 2013 EBITDA (1/3) - TSR (stock market performance, reinvested dividend)/ Eurostoxx Utilities Eurozone (1/3) - 2013 ROCE (1/3)
Vesting date	06/23/2009	06/01/2010	03/15/2011	03/15/2014
Shares being vested	0	0	0	60,000 (6)
Shares vested	30	15 (5)	2,312 (5)	0
Transferable from	01/07/2011 (2)	06/01/2012 (2)	03/15/2013 (6)	03/15/2016

** Global bonus share plans for all employees and corporate officers of Gaz de France.*

(1) Conditions met.

(2) These shares may not be sold during the term of office.

(3) Subject to a condition of presence on the payroll and, for 50% of shares, a performance condition.

(4) Subject to a dual condition of performance and presence on the payroll.

(5) Performance condition partially met.

(6) Vested shares are subject to a lock-up period under the "Balladur" rules (see section 4.5.5.1 of this Registration Document).

4.5.8 STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS WHO RECEIVED AND EXERCISED THE MOST OPTIONS

4.5.8.1 Stock subscription or purchase options granted by GDF SUEZ and by all companies included in the GDF SUEZ Stock Option Plan in fiscal year 2011 to the ten employees of the issuer and its companies, who are not corporate officers and to whom the greatest number of stock options was allocated

None.

4.5.8.2 GDF SUEZ stock subscription or purchase options exercised in fiscal year 2011 by the ten employees who are not corporate officers of GDF SUEZ with the greatest number of stock subscription or purchase options

Total number of options exercised	Average weighted price *(in euros)*	Plans
30,000	15.71	11/20/2002*
151,085	12.39	11/19/2003*
38,794	16.84	11/17/2004*
241,538	22.79	12/09/2005*

* *Stock subscription options.*

4.5.9 PERFORMANCE SHARES GRANTED TO THE TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS WHO RECEIVED THE MOST PERFORMANCE SHARES

PERFORMANCE SHARES GRANTED BY GDF SUEZ AND BY ALL COMPANIES INCLUDED IN THE GDF SUEZ BONUS SHARE PLAN IN FISCAL YEAR 2011 TO THE TEN EMPLOYEES OF THE ISSUER AND ITS COMPANIES, WHO ARE NOT CORPORATE OFFICERS AND TO WHOM THE GREATEST NUMBER OF BONUS SHARES WAS GRANTED

Total number of shares granted	Share price* *(in euros)*	Issuers	Plans
258,400	17.46	GDF SUEZ	01/13/2011
216,900	12.75	GDF SUEZ	12/06/2011

* *Average price, according to the method used for the consolidated financial statements.*

4.5.10 SUMMARY OF TRANSACTIONS DISCLOSED BY EXECUTIVE MANAGEMENT AND CORPORATE OFFICERS IN FISCAL YEAR 2011

GDF SUEZ SHARES

	Date of transaction	Type of transaction	Quantity	Unit price *(in euros)*	Transaction price *(in euros)*
Françoise Malrieu	09/15/2011	Purchase	1,000	20.42	20,420

GDF SUEZ STOCK SUBSCRIPTION OPTIONS

	Transaction date	Transaction type	Plan concerned	Number of stock options exercised	Unit exercise or sale price *(in euros)*	Sale price *(in euros)*
	01/07/2011	Exercise*	Suez Plan of 11/19/2003	23	12.39	285
Gérard Mestrallet	01/07/2011	Sale*		23	27.00	621
	01/13/2011	Exercise*	Suez Plan of 11/19/2003	39,977	12.39	495,915
	01/13/2011	Sale*		1,018	27.00	27,486
Gérard Mestrallet	01/13/2011	Sale*		38,959	27.01	1,052,283
Gérard Mestrallet	09/20/2011	Exercise*	Suez Plan of 11/19/2003	10,000	12.39	123,900
	01/20/2011	Exercise*	Suez Plan of 12/09/2005	12,300	22.79	280,317
Gérard Lamarche	01/20/2011	Sale*		12,300	29.00	356,700

* *Options exercised via an professional intermediary following the implementation of a GDF SUEZ stock subscription and purchase option programmed exercise system (see section 4.4.5.2. "Programmed Management of Stock Options" above).*

5

Information on the share capital and shareholding

5.1 INFORMATION ON THE SHARE CAPITAL

5.1.1 SHARE CAPITAL AND VOTING RIGHTS

5.1.1.1 Share capital

Shares of GDF SUEZ 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 is included in all the major stock indexes: 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.

At December 31, 2011, the share capital of GDF SUEZ stood at €2,252,636,208 divided into 2,252,636,208 fully paid-up shares with a par value of €1. In 2011, the GDF SUEZ share capital was impacted by the following transactions:

- the issue of 871,535 shares resulting from the exercise of stock options between January 1, 2011 and June 30, 2011;
- the issue of 1,468,916 shares resulting from the exercise of stock options between July 1, 2011 and December 31, 2011.

5.1.1.2 Pledges, guarantees and collateral

Pledges of assets

The percentage of shares pledged is not significant.

OTHER PLEDGES

In millions of euros	Total Value	2012	2013	2014	2015	2016	2017-2003	> 2021	Account Total	Corresponding %
Intangible assets	453	9	-	438	-	-	1	6	13,334	3%
Property, plant and equipment	8,929	3,744	111	791	99	99	671	3,414	90,012	10%
Equity investments	4,446	1,014	495	311	-	-	533	2,092	5,918	75%
Bank accounts	530	293	-	53	1	-	13	170	14,675	4%
Other assets	343	155	14	100	-	-	4	70	39,199	1%
TOTAL	**14,702**	**5,215**	**621**	**1,692**	**100**	**99**	**1,221**	**5,753**	**163,138**	**9%**

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).

5.1.1.3 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, 2011, after adjusting for treasury stock, the Company held 2,213,752,714 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 5.2.4 below).

5.1.2 POTENTIAL CAPITAL AND SHARE EQUIVALENTS

As of December 31, 2011, there were no share equivalents conferring direct or indirect access to the share capital of GDF SUEZ.

As of December 31, 2011, there were 22,584,740 stock options outstanding that if exercised would result in the issue of 22,584,740 GDF SUEZ shares.

At that date, the potential capital in the event of the exercise of these stock options would represent 101.00% of the GDF SUEZ share capital, and the dilution percentage would represent 1.00% of the share capital, noting that the French State's shareholding in the Company must remain 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.

The tables detailing the various stock option plans are provided in Note 23 of section 6.2 below.

5.1.3 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 MAY 3, 2010

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
5th	Authorization to trade in the Company's shares	18 months (until November 3, 2011)	Maximum purchase price: €55. Maximum shareholding: 10% of the share capital Aggregate amount of purchases: ≤ €12 billion	GDF SUEZ holds 1.67% of its share capital as of October 31, 2011	Authorization expired
6th	Issue, with preferential subscription rights, of shares and/or share equivalents of the Company or subsidiaries.	26 months (until July 3, 2012)	€250 million for shares (1) (2) +€5 billion for debt securities (1) (2)	None	Full amount of the authorization
7th	Issue, without preferential subscription rights, of 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 (until July 3, 2012)	€250 million for shares (1) (2) +€5 billion for debt securities (1) (2)	None	Full amount of the authorization

(1) This is a ceiling set by the Shareholders' Meeting of May 3, 2010 for the issued decided pursuant to the 6th, 7th, 8th and 10th resolutions.

(2) The overall ceiling for the issues decided in application to the 6th, 7th, 8th, 10th, 11th and 12th resolutions is set by the 13th resolution of the Shareholders' Meeting of May 3, 2010 at €310 million.

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
8th	Issue with cancellation of preferential subscription rights of shares and/or share equivalents of the Company as part of a private placement to qualified investors or to a limited circle of investors.	26 months (until July 3, 2012)	€250 million for shares (1) (2) +€5 billion for debt securities (1) (2)	None	Full amount of the authorization
10th	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 (until July 3, 2012)	€250 million for shares (1) (2) +€5 billion for debt securities (1) (2)	None	Full amount of the authorization
11th	Capital increase reserved for members of GDF SUEZ Company Employee Savings Plan	21 months (until June 16, 2012)	€40 million i.e. 40 million shares (2)	None	Authorization expired (cancelled by the 13th resolution of the Shareholders' Meeting of May 2, 2011)
12th	Capital increase reserved for any entity whose sole purpose is to promote access to the share capital of GDF SUEZ as part of an international employee shareholding plan offered by the GDF SUEZ Group	12 months (until November 4, 2011)	€20 million i.e. 20 million shares (2)	None	Authorization expired (cancelled by the 14th resolution of the Shareholders' Meeting of May 2, 2011)
14th	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 (until July 3, 2012)	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
15th	Authorization to reduce the share capital by canceling treasury stock	26 months (until July 3, 2012)	10% of the share capital per 24 month period	Cancellation of 36,898,000 shares on August 9, 2010, or 1.63% of the share capital at August 9, 2010	8.37% of the share capital
16th	Authorization for 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 (until November 3, 2011)	Maximum shareholding: 0.5% of the share capital, to be counted against the 0.5% of the 17th resolution approved by the Shareholders' Meeting of May 3, 2010	None	Authorization expired

(1) This is a ceiling set by the Shareholders' Meeting of May 3, 2010 for the issued decided pursuant to the 6th, 7th, 8th and 10th resolutions.

(2) The overall ceiling for the issues decided in application to the 6th, 7th, 8th, 10th, 11th and 12th resolutions is set by the 13th resolution of the Shareholders' Meeting of May 3, 2010 at €310 million.

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
17th	Authorization to award bonus shares to corporate officers and employees of the Company and/or companies of the Group	12 months (until November 04, 2011)	Maximum shareholding: 0.5% of the share capital, to be counted against the 0.5% of the 16th resolution approved by the Shareholders' Meeting of May 3, 2010	Allocation on January 13, 2011 of 3,429,108 Performance Shares (outstanding), and on March 2, 2011 of 57,337 Performance Shares (outstanding), i.e. 0.15% of capital. Or a total of 0.15% of the share capital when calculating all authorizations used under the 16th and 17th resolutions approved by the Shareholders' Meeting of May 3, 2010	Authorization expired (cancelled by the 15th resolution of the Shareholders' Meeting on May 2, 2011)

(1) This is a ceiling set by the Shareholders' Meeting of May 3, 2010 for the issued decided pursuant to the 6th, 7th, 8th and 10th resolutions.

(2) The overall ceiling for the issues decided in application to the 6th, 7th, 8th, 10th, 11th and 12th resolutions is set by the 13th resolution of the Shareholders' Meeting of May 3, 2010 at €310 million.

AUTHORIZATIONS GRANTED BY THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 2, 2011

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
5th	Authorization to trade in the Company's shares	18 months (until November 2, 2012)	Maximum purchase price: €55. Maximum shareholding: 10% of the share capital Aggregate amount of purchases: ≤ €12 billion	GDF SUEZ holds 1.73% of its share capital as of December 31, 2011	8.27% of the share capital
13th	Capital increase reserved for members of GDF SUEZ Company Employee Savings Plan	26 months (until July 2, 2013)	€40 million (1)	None	Full amount of the authorization
14th	Capital increase reserved for any entity formed as part of the implementation of the international employee shareholding plan offered by the GDF SUEZ Group	18 months (until November 2, 2012)	€20 million (1)	None	Full amount of the authorization
15th	Authorization to award bonus shares to corporate officers and employees of the Company and/or companies of the Group	18 months (until November 2, 2012)	Maximum shareholding: 0.5% of the share capital	Allocation of 4,199,167 bonus shares on June 22, 2011 and of 2,996,920 Performance Shares (outstanding) on December 6, 2011, i.e. 0.32% of share capital at December 31, 2011.	0.18% of the share capital at December 31, 2011

(1) The overall ceiling for the issues decided in application to the 13th and 14th resolutions of the Shareholders' Meeting of May 2, 2011 and the 6th, 7th, 8th and 10th resolutions is set by the 13th resolution of the Shareholders' Meeting of May 3, 2010 at €310 million.

5.1.4 FIVE-YEAR SUMMARY OF CHANGES IN THE GDF SUEZ SHARE CAPITAL

ISSUANCE OF SHARES

Date	Event	Nominal amount *(in euros)*	Premium *(in euros)*	Share capital *(in euros)*	Number of shares	Par value per share *(in euros)*
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
August 9, 2010	Increase of the share capital resulting from the exercise of 395,068 stock options	395,068	6,150,334.28	2,261,371,335	2,261,371,335	1.00
August 9, 2010	Reduction of the share capital resulting from the cancellation of 36,898,000 treasury shares	36,898,000	1,377,800,021	2,224,473,335	2,224,473,335	1.00
August 24, 2010	Increase of the share capital resulting from the subscription of 22,165,290 shares under the capital increase reserved for participants in an employee savings plan offered by the GDF SUEZ Group	22,165,290	416,264,146.20	2,246,638,625	2,246,638,625	1.00

* *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2008.*
** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2009.*
*** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2010.*
**** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2011.*

Date	Event	Nominal amount *(in euros)*	Premium *(in euros)*	Share capital *(in euros)*	Number of shares	Par value per share *(in euros)*
August 24, 2010	Increase of the share capital resulting from 521,056 bonus shares issued by deduction from the €416,264,146.20 in additional paid-in capital mentioned above, under the capital increase reserved for participants in an employee savings plan offered by the GDF SUEZ Group	521,056	-521,056.00	2,247,159,681	2,247,159,681	1.00
August 24, 2010	Increase of the share capital resulting from the subscription of 2,016,272 shares following capital increases reserved for entities whose sole purpose is to purchase, hold and dispose of GDF SUEZ shares as part of the international employee shareholding plan offered by the GDF SUEZ Group	2,016,272	37,865,588.16	2,249,175,953	2,249,175,953	1.00
January 13, 2011	Increase of the share capital resulting from the exercise of 1,119,804 stock options	1,119,804***	17,772,036.01	2,250,295,757	2,250,295,757	1.00
August 9, 2011	Increase of the share capital resulting from the exercise of 871,535 stock options	871,535	14,816,093.98	2,251,167,292	2,251,167,292	1.00
January 13, 2012	Increase of the share capital resulting from the exercise of 1,468,916 stock options	1,468,916****	17,838,829.31	2,252,636,208	2,252,636,208	1.00

*   *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2008.*
** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2009.*
*** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2010.*
**** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2011.*

In all, 2,340,451 GDF SUEZ shares were issued between January 1, 2011 and the date of this Registration Document.

5.1.5 STOCK REPURCHASE

5.1.5.1 Treasury stock

The fifth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 2, 2011 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 costs);
- 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 with 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 2011.

Between January 1, 2011 and December 31, 2011, under the liquidity agreement, the Company purchased 15,741,982 shares, for a total of €412 million or €26.18 per share. Over the same period, and also under this agreement, GDF SUEZ sold 9,041,982 shares for a total price of €250 million or €27.67 per share.

Furthermore, between January 1, 2011 and 31 December 2011, GDF SUEZ purchased 9,751,000 shares intended to cover its commitments to the beneficiaries of stock options, bonus shares and Company savings plans for a total price of €200 million or €20.48 per share.

Between January 1, 2012 and February 29, 2012, under the liquidity agreement, the Company purchased 805,000 shares, for a total of €16 million or €20.28 per share. Over the same period, and also under this agreement, GDF SUEZ sold 755,000 shares for a total price of €16 million or €21.39 per share.

Furthermore, between January 1, 2012 and February 29, 2012, GDF SUEZ purchased 2,398,000 shares intended to cover its commitments to the beneficiaries of stock options, bonus shares and Company savings plans for a total price of €49 million or €20.36 per share.

On February 29, 2012, the Company held 1.83% of its share capital, or 41,329,070 shares, including 6,750,000 shares under the liquidity agreement and 34,579,070 shares to cover its commitments to the beneficiaries of stock options, bonus shares or Company savings plans.

5.1.5.2 Description of the stock repurchase program to be submitted to the Ordinary and Extraordinary Shareholders' Meeting of April 23, 2012 (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 April 23, 2012.

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: €40 per share (excluding transaction costs).

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 purchase or stock subscription 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% of the share capital;
- to provide for the hedging 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;
- to implement any other market practices authorized or to be authorized by market authorities.

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 share capital of the Company on the date of the Shareholders' Meeting, i.e., approximately 225 million shares, for a maximum theoretical amount of €9 billion. GDF SUEZ reserves the right to hold the maximum amount authorized.

On February 29, 2012, GDF SUEZ directly held 41,329,070 shares, or 1.83% of the share capital.

Therefore, based on the estimated share capital at the date of the Meeting, the stock repurchase program could cover up to 184 million shares, representing 8.17% of the share capital, for a maximum amount payable of €7 billion.

Maximum term of the stock repurchase program

In accordance with the fifth resolution proposed to the Shareholders' Meeting of April 23, 2012, the stock repurchase program will be in effect for a period of 18 months beginning on the date of this Shareholders' Meeting, i.e. up to October 23, 2012.

5.1.6 NON-EQUITY

5.1.6.1 Irredeemable and non-voting securities

Gaz de France issued irredeemable and non-voting securities in 1985 and 1986 in two tranches, A and B. Only tranche A securities are still outstanding; Tranche B securities were fully repaid in 2000.

FEATURES OF TRANCHE A IRREDEEMABLE AND NON-VOTING 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, 2011, 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 the closing price on December 30, 2011 (€790), was €444,297,580.

REMUNERATION OF TRANCHE A IRREDEEMABLE AND NON-VOTING SECURITIES OVER THE LAST THREE YEARS

In euros	2011	2010	2009
Fixed remuneration	17.11	17.21	19.48
Variable remuneration	49.64	48.06	47.02
Theoretical total remuneration	66.75	65.26	66.50
Minimum remuneration	23.09	23.22	26.29
Maximum remuneration	35.31	35.51	40.20
Gross remuneration per security	35.31	35.51	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), except when the securities issued have par values.

AMOUNT OF SUBSCRIBED CAPITAL TRADING VOLUMES AND HIGH AND LOW PRICES OF THE TRANCHE A SECURITIES IN PARIS

	High *(in euros)*	Low *(in euros)*	Trading volume *(securities)*
2011			
January	822	813	1,081
February	823	818	1,110
March	826	820	1,282
April	832	812	514
May	845	820	562
June	848	832	1,523
July	841	839	977
August	839	824	786
September	832	815	264
October	820	805	428
November	811	800	794
December	800	725	717

Source: Reuters.

5.1.6.2 Euro Medium Term Notes (EMTN) Program

GDF SUEZ has a €25 billion EMTN program. This program was updated on September 9, 2011 and approved by the AMF (French financial markets regulator).

5.1.6.3 Bonds

The main features of bond issues outstanding at December 31, 2011 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.

Issuer	Currency	Coupon rate	Issue date	Maturity	Amount issued *(in stated currency) (in millions)*	Exchange	ISIN Code
GDF SUEZ	EUR	4.750%	Feb. 19, 2003	Feb. 19, 2013	968	Paris Luxembourg	FR0000472326
GDF SUEZ	EUR	5.125%	Feb. 19, 2003	Feb. 19, 2018	750	Paris Luxembourg	FR0000472334
Belgelec Finance	EUR	5.125%	June 24, 2003	June 24, 2015	662	Luxembourg	FR0000475741
Belgelec Finance	CHF	3.250%	Dec. 27, 2007	Dec. 22, 2014	340	SIX	CH0035844890
Electrabel	EUR	4.750%	Apr. 10, 2008	Apr. 10, 2015	600	Luxembourg	BE0934260531
GDF SUEZ Alliance*	EUR	5.500%	Nov. 26, 2002	Nov. 26, 2012	300	Luxembourg	FR0000471054
GDF SUEZ Alliance	EUR	5.750%	June 24, 2003	June 24, 2023	1,000	Luxembourg	FR0000475758
GDF SUEZ*	EUR	6.250%	Oct, 24, 2008	Jan. 24, 2014	845	Luxembourg	FR0010678151
GDF SUEZ*	EUR	6.875%	Oct, 24, 2008	Jan. 24, 2019	1,200	Luxembourg	FR0010678185
GDF SUEZ*	EUR	4.375%	Jan. 16, 2009	Jan. 16, 2012	1,140	Luxembourg	FR0010709261
GDF SUEZ*	EUR	5.625%	Jan. 16, 2009	Jan. 18, 2016	1,500	Luxembourg	FR0010709279
GDF SUEZ*	EUR	6.375%	Jan. 16, 2009	Jan. 18, 2021	1,000	Luxembourg	FR0010709451
GDF SUEZ*	EUR	5.000%	Feb. 23, 2009	Feb. 23, 2015	750	Luxembourg	FR0010718189
GDF SUEZ*	GBP	7.000%	Oct. 30, 2008	Oct. 30, 2028	500	Luxembourg	FR0010680041
GDF SUEZ*	GBP	6.125%	Feb. 11, 2009	Feb. 11, 2021	700	Luxembourg	FR0010721704
GDF SUEZ*	CHF	3.500%	Dec. 19, 2008	Dec. 19, 2012	975	SIX	CH0048506874
GDF SUEZ*	JPY	3.180%	Dec. 18, 2008	Dec. 18, 2023	15,000	None	FR0010697193
GDF SUEZ*	JPY	Yen Libor 3m + 120bp	Feb. 05, 2009	Feb. 05, 2014	18,000	None	FR0010718205
GDF SUEZ	JPY	1.17%	Dec. 15, 2009	Dec. 15, 2014	65,000	None	JP525007A9C3
GDF SUEZ*	GBP	5.000%	Oct. 1, 2010	Oct. 1, 2060	1,100	Paris	FR0010946855
GDF SUEZ*	EUR	2.750%	Oct. 18, 2010	Oct. 18, 2017	1,000	Paris	FR0010952739
GDF SUEZ*	EUR	3.500%	Oct. 18, 2010	Oct. 18, 2022	1,000	Paris	FR0010952770
GDF SUEZ*	EUR	3.046%	Oct, 17, 2011	Oct. 17, 018	150	Paris	FR0011131846
GDF SUEZ*	CHF	1.500%	Oct. 20, 2011	Oct. 20, 2017	300	SIX	CH013975685-9
GDF SUEZ*	EUR	3.896%	Oct. 24, 2011	Oct. 24, 2023	100	Paris	FR0011133495
GDF SUEZ*	EUR	5.950%	Mar. 16, 2011	Mar. 16, 2111	300	Paris	FR0011022474
GDF SUEZ*	EUR	3.125%	Nov. 21, 2011	Jan. 21, 2020	1,000	Paris	FR0011147305

* *Issued under the EMTN program.*

5.1.6.4 Commercial paper

The Company has short-term fi nancing programs (commercial paper and US Commercial Paper).

GDF SUEZ set up a commer cial paper pr ogram for €5 billion on August 13, 2008. This pr ogram was updated on July 20, 2011 and approved by the Bank of France. At December 31, 2011 the amount outstanding was €2,967 million.

The Company also has a US Commer cial Paper program in place for US$4.5 billion. The amount outstanding on December 31, 2011 was US$947 million.

5.2 SHAREHOLDING

5.2.1 STOCK EXCHANGE QUOTATION

TRADING VOLUMES AND HIGH AND LOW PRICES OF GDF SUEZ SHARES IN PARIS

	High *(in euros)*	Low *(in euros)*	Trading volume
2011			
January	29.94	26.62	4,412,272
February	29.86	28.35	3,381,583
March	28.80	25.73	5,643,793
April	28.35	26.48	4,186,195
May	27.82	25.25	3,640,087
June	25.24	23.92	4,032,337
July	25.34	22.47	3,919,601
August	22.04	19.18	7,090,295
September	22.94	19.62	6,286,986
October	23.83	20.52	5,778,869
November	20.85	17.98	6,339,118
December	21.39	19.52	3,915,301

* *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.

5.2.2 BREAKDOWN OF SHARE CAPITAL – CHANGES IN SHAREHOLDING – SHAREHOLDER PROFILES

At December 31, 2011, the Company held 2,252,636,208 shares, including 38,883,494 in treasury stock.

In fiscal 2011, the Company's share capital was increased by 2,340,451 shares with a par value of €1 resulting from the issue of 2,340, 451 shares following the exercise of stock options.

MAJOR CHANGES IN GDF SHAREHOLDINGS DURING THE PAST THREE FISCAL YEARS

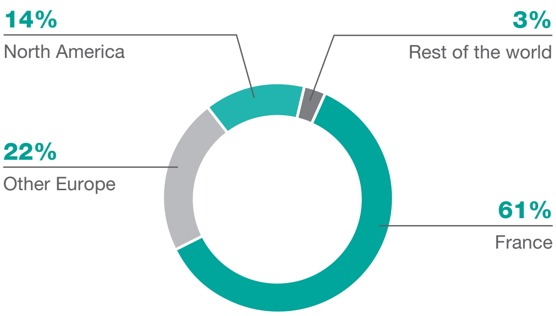
	December 31, 2011		December 31, 2010		December 31, 2009	
	% of share capital	% of voting rights	% of share capital	% of voting rights	% of share capital	% of voting rights
French State	36.0	36.6	36.0	36.5	35.9	36.6
Groupe Bruxelles Lambert (GBL)	5.2	5.3	5.2	5.3	5.2	5.3
Employee Shareholding	2.9	3.0	2.8	2.8	2.3	2.3
CDC Group	2.0	2.0	2.0	2.0	1.9	2.0
CNP Assurances	1.1	1.1	1.1	1.1	1.1	1.1
Sofina	0.6	0.6	0.6	0.6	0.6	0.7
Treasury stock	1.7	-	1.1	-	2.0	-
Management	Not significant	Not significant	Not significant	Not significant	Not significant	Not significant
Public	50.5	51.4	51.2	51.7	51.0	52.0
	100%	100%	100%	100%	100%	100%

* *Calculated based on the number of shares and voting rights outstanding at December 31, 2011.*

At the end of November 2011, GDF SUEZ performed a survey of all identifi able bearer shares and identified 138.0 million shares held by individual shareholders.

"Individuals and others" and "institutional" (investors) account for 10% and 40% of the share capital, respectively.

The geographical breakdown of the share capital (excluding withholding and unidentified) is as follows:



5.2.3 DISCLOSURE THRESHOLDS

NOTIFICATIONS OF DISCLOSURE THRESHOLDS RECEIVED BETWEEN JANUARY 1, 2011 AND FEBRUARY 29, 2012

September 14, 2011	Decrease	4.97%	Capital Research and Mgt
September 29, 2011	Increase	5.00%	Capital Research and Mgt
October 11, 2011	Decrease	4.99%	Capital Research and Mgt
November 10, 2011	Increase	5.06%	Capital Research and Mgt
November 18, 2011	Decrease	4.99%	Capital Research and Mgt

To the Company's knowledge, as of the date of this Registration Documentonly the French State and Groupe Bruxelles Lambert, acting alone or in concert, hold share capital or voting rights in GDF SUEZ that exceeds one of the statutory thresholds.

The Company has no knowledge of any shareholders owning 5% or more of GDF SUEZ's share capital that have notified it of crossing statutory disclosure thresholds.

5.2.4 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 Registration 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.

5.2.5 DIVIDEND POLICY

GDF SUEZ seeks to have a dynamic dividend distribution policy. When it announced its 2011 earnings on February 9, 2012, the Company also announced it it expects a net recurring income Group share [1] around €5 billion by 2015, with average weather and stable regulation, with gross capex between €9 and 11 billion per year [2], a strong financial structure (net debt/EBITDA ratio less than or equal to 2.5x and "A" category rating) allowing a stable or growing dividend over 2012-2015.

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 performance, 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 2011 targets and the favorable outlook for each of the Group's activities, the Board of Directors, acting on the recommendation of the Audit Committee, decided at its October 26, 2011 meeting to pay an interim dividend for fiscal year 2011 of €0.83 per share, as of November 15, 2011.

Furthermore, the Board of Directors, acting on the recommendation of the Audit Committee, decided at its February 8, 2012 meeting to propose to the Annual Shareholders' Meeting of April 23, 2012, the payment of a full dividend for fiscal year 2011 of €1.50 per share (identical to the ordinary dividend paid for fiscal year 2010), including the €0.83 per share interim dividend already paid on November 15, 2011.

The ex-dividend date will be April 25, 2012 and the dividend will be paid on April 30, 2012.

Dividend per share

GAZ DE FRANCE DIVIDENDS OVER THE LAST FIVE YEARS

Fiscal year *(fully paid-up shares)*	**Net ordinary dividend per share** *(in euros)*
2006	1.10
2007	1.26
2008	N/A
2009	N/A
2010	N/A

SUEZ DIVIDENDS OVER THE LAST FIVE YEARS

Fiscal year *(fully paid-up shares)*	**Net ordinary dividend per share** *(in euros)*
2006	1.20
2007	1.36
2008	N/A
2009	N/A
2010	N/A

(1) Assuming average weather conditions, full pass trough of supply costs in French regulated gas tariffs, no other significant regulatory changes. Assuming no change in accounting principles compared to 2011. Indicative 2015 EBITDA of EUR 21 billion. Vs target of EBITDA 2013 > €20 billion and vs target of 2013≥ EPS 2012 announced on March 3, 2011.

(2) Vs €11 billion over 2011-2013 announced on March 3, 2011.

GDF SUEZ DIVIDENDS OVER THE LAST FIVE YEARS

Fiscal year *(fully paid-up shares)*	**Net ordinary dividend per share** *(in euros)*
2006	N/A
2007	N/A
2008	* 2.20
2009	1.47
2010	1.50

* *Including a special non-recurring dividend of €0.80 per share.*

After a period of five years, unclaimed dividends are automatically paid to the French Treasury.

6

Financial statements

6.1 MANAGEMENT REPORT

6.1.1 MANAGEMENT REPORT

The Group delivered strong earnings in 2011 despite a tough climate defined by exceptionally warm weather, gas pricing issues in France and a persistent spread between gas and oil prices amid continuing volatile and uncertain energy costs.

Revenues came in at €90.7 billion, up 7.3% on a reported basis and 2.1% on an organic basis versus 2010. Revenue growth was powered by the Group's strong international expansion, the consolidation of International Power as from February 2011, an increase in Global Gas & LNG sales – particularly for Exploration & Production and LNG businesses – and an upbeat performance from SUEZ Environnement.

EBITDA came in at €16.5 billion, up 9.5% year on year on a reported basis (slight decrease of 0.3% on an organic basis), despite adverse weather conditions and pricing difficulties in France. Reported EBITDA growth was driven by the contribution from International Power, the impact of facilities commissioned in all Group businesses, the contribution of the Efficio efficiency plan, growth in environment businesses and a robust performance from the services segment despite a tough economic climate in most of their European markets. These growth factors more than offset the strongly negative impact of weather and gas pricing conditions in France. Excluding these impacts, EBITDA advanced on an organic basis in line with the Group's EBITDA target of between €17.0 billion and €17.5 billion for 2011.

Current operating income moved up 2.1% on a reported basis, squeezed by higher depreciation/amortization expenses and charges to provisions resulting from business combinations and facilities commissioned over the period. Current operating income was also affected by a one-off mark-to-market accounting impact related to the recognition of the International Power business combination.

Net income Group share fell to €4.0 billion, reflecting the impact of weather and pricing conditions.

Cash generated from operations came in 9.4% higher year on year, at €16.1 billion, consistent with the increase in EBITDA.

Adjusted for certain financing-backed assets and derivative instruments, net debt [1] stood at €37.6 billion, a decrease of €4 billion on the end-December 2010 pro forma figure (*i.e.*, including International Power). The fall in net debt came on the back of strong cash flow generation, gains of €6.5 billion realized on the disposal of assets as part of the Group's €10 billion asset turnover program, and a reduction of €0.6 billion following the classification of the Group's interest in the Hidd Power Company plant within assets held for sale.

6.1.1.1 Revenue and earnings trends

In millions of euros	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Revenues	90,673	84,478	7.3%
EBITDA	16,525	15,086	9.5%
Depreciation, amortization and provisions	(7,115)	(5,899)	
Net disbursements under concession contracts	(294)	(265)	
Share-based payment	(138)	(126)	
CURRENT OPERATING INCOME	8,978	8,795	2.1%

(1) *See Note 14 to the consolidated financial statements for the new definition of net debt.*

Revenues for the Group came in at €90.7 billion in 2011, up 7.3% on 2010. On an organic basis (excluding the impact of changes in exchange rates and the scope of consolidation), revenues moved up 2.1%.

Changes in the scope of consolidation had a positive €4,785 million impact.

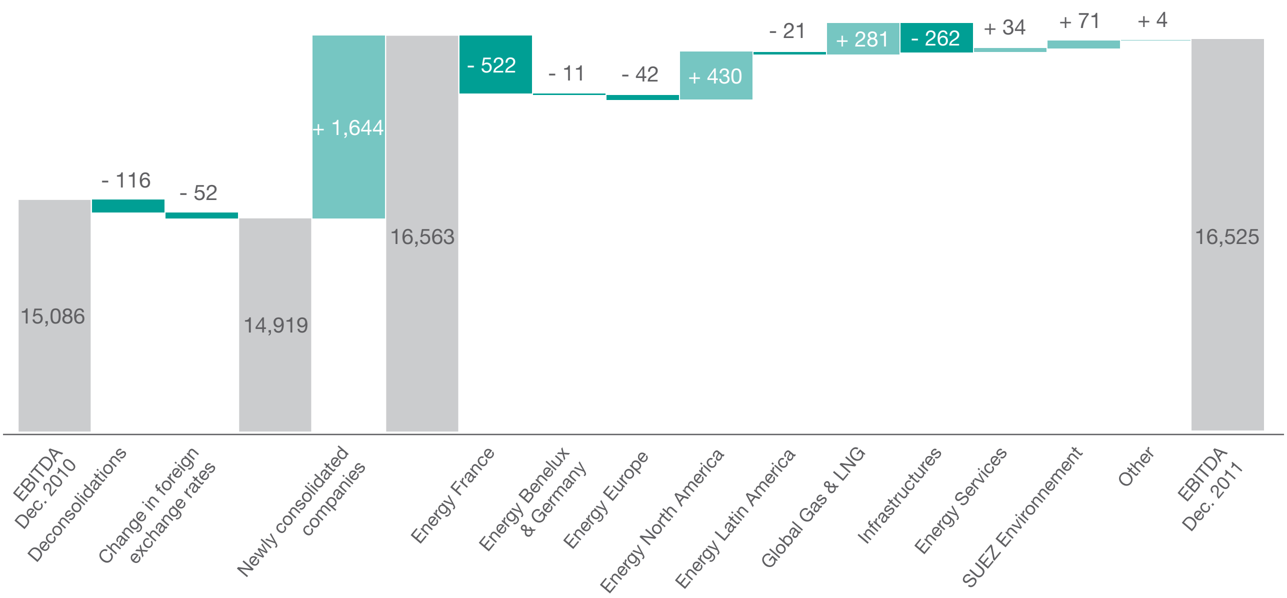
Additions to the scope of consolidation added €5,841 million to revenues, resulting mainly from the first-time consolidation of International Power (positive effect of €4,050 million), the reorganization of activities previously carried out by the Group in partnership with Acea in Italy, the full consolidation of Agbar by SUEZ Environnement, the first-time consolidation of Utilicom, ProEnergie and Thion-Ne Varietur in the services segment, and the acquisition of various gas storage facilities in Germany.

Departures from the scope of consolidation represented €1,056 million and essentially concerned the reorganization of the Group's activities in Italy, and the sale by SUEZ Environnement of Adeslas and Bristol Water.

Changes in exchange rates had a negative €297 million impact, due mainly to fluctuations in the US dollar.

All of the Group's business lines reported an increase in their revenue contribution on both a reported and organic basis, with the exception of Energy France, hit by a significant fall in sales due mainly to particularly warm weather over the period as well as an unfavorable basis for comparison on the back of cold weather conditions in 2010.

EBITDA moved up 9.5% to €16.5 billion. Stripping out the impact of changes in exchange rates and the scope of consolidation, EBITDA remained virtually stable (down 0.3%).



Changes in the scope of consolidation had a net positive impact of €1,528 million on EBITDA.

Additions to the scope of consolidation added €1,644 million to EBITDA and mainly concerned the transactions described above in Energy Europe & International (including €1,263 million related to International Power and Hidd Power Company), SUEZ Environnement, Energy Services and Infrastructures business lines.

Departures from the scope of consolidation represented €116 million and primarily concerned the same entities as those stated for revenues.

The impact of changes in exchange rates on EBITDA was not material (€52 million negative impact).

EBITDA retreated €38 million, or 0.3%, on an organic basis:

- Energy France reported a sharp 50.7% fall in EBITDA on an organic basis, with its gas sales significantly impacted by exceptionally warm (sales of natural gas) weather in 2011. This fall in EBITDA was also driven by an additional gas tariff shortfall, representing a negative impact of €395 million in the year;

- EBITDA for the GDF SUEZ Energy Benelux & Germany business area remained virtually flat on an organic basis, slipping 0.5%. Ongoing efforts to scale back operating costs and the full-year impact of the power plant commissioned in the Netherlands helped offset narrower electricity margins (lower prices), the negative impact of weather conditions – especially on gas sales, as well as the non-recurrence of one-off factors which had boosted performance in 2010 (income following the write-back of tax provisions for idle plants);
- EBITDA for the GDF SUEZ Energy Europe business area fell 4.3%, hit by tough market conditions in Europe (prices, volumes, weather, regulatory environment) and by the non-recurrence of factors which had boosted performance in 2010;
- in contrast, International Power reported vigorous 17.3% organic EBITDA growth, powered by strong operating results from its businesses in Latin America (positive volume and price effects in Brazil and Chile) and in North America (robust performance from LNG operations);
- Global Gas & LNG reported a return to double-digit organic EBITDA growth (up 13.5%), as a good performance from Exploration & Production activities (volume impacts resulting from facilities recently commissioned and positive price impacts on Brent crude) and LNG operations (increase in the re-routing of cargoes) helped offset the adverse impact of gas/oil price spreads, warm weather conditions and the drop in sales to European Key Accounts;
- the Infrastructures business line saw EBITDA fall 8.1% on an organic basis. The commissioning of the Fos Cavaou LNG terminal, and a rise in transportation and distribution tariffs only partially offset the decrease in volumes related to the exceptionally warm weather in 2011;
- Energy Services posted 3.7% organic EBITDA growth, reflecting its ability to respond to the tough economic climate in most of its European markets;
- SUEZ Environnement reported 3.1% organic EBITDA growth, spurred by rising volumes and prices for recovered secondary raw materials and vigorous growth for Agbar. The International business was hampered by construction delays regarding the Melbourne plant.

Current operating income climbed 2.1% on a reported basis versus 2010, to €9.0 billion. Stripping out the impact of changes in exchange rates and the scope of consolidation, current operating income fell 6.8%. This reflects higher net depreciation/amortization expenses and charges to provisions as a result of facilities commissioned in the period. Depreciation and amortization expenses also included the one-off negative €121 million mark-to-market impact arising on the consolidation of International Power.

6.1.1.2 Business Trends

6.1.1.2.1 Energy France

Group contributions *In millions of euros*	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Revenues	13,566	14,982	-9.5%
EBITDA	505	1,023	-50.7%
Depreciation, amortization and provisions	(430)	(374)	
Share-based payment	(5)	(3)	
CURRENT OPERATING INCOME	70	646	-89.2%

VOLUMES SOLD

In TWh	Dec. 31, 2011	Dec. 31, 2010	% change
Gas sales	219.2	292.4	-25%
Electricity sales	41.2	36.5	13%

CLIMATIC CORRECTION – FRANCE

In TWh	Dec. 31, 2011	Dec. 31, 2010	change
Climatic correction volumes (negative figure = warm conditions, positive figure = cold conditions)	(30.4)	25.8	(56.2)

For the year to December 31, 2011, **revenues** for the Energy France business line fell €1,416 million. The decline in gas volumes sold was partially offset by the rise in electricity prices and volumes as well as the increase in gas tariffs, although this did not reflect the entire rise in supply costs.

Natural **gas sales** totaled 219 TWh, down 25% on 2010, due mainly to different weather conditions in the two periods. GDF SUEZ continues to hold around 88% of the retail market and around 65% of the business market. **Electricity sales** moved up 13% to 41 TWh, spurred by the growth in sales to direct customers.

Electricity production (30 TWh) dropped 8% due to exceptionally poor hydro conditions, offset by the Combigolfe and Montoir-de-Bretagne thermal power plants commissioned in 2010 and by the development of wind farms.

EBITDA for the business line was down €518 million year on year, due to the combined impact of:

- sharp differences in weather conditions, which had a negative impact of 56 TWh on gas sales and almost 4.5 TWh on electricity production (hydro conditions);
- an additional gas tariff shortfall, which had a negative impact of €395 million;
- partially offset by a positive price effect, owing to the hedging transactions put in place (especially sales hedged at high 2008 prices).

Trends in **current operating income** mirrored trends in EBITDA. Current operating income was also affected by a rise in depreciation and amortization expenses due to the commissioning of new wind farm and power plant assets.

Price trends

Public distribution tariffs

The table below shows the average change in public distribution tariffs adopted since 2009. Tariffs remained stable between July 2010 and March 2011. The sharp rise in gas supply costs led to an increase of €2.45/MWh on April 1, 2011. At July 1 and October 1, 2011, the increases of €1.38/MWh and €2.16/MWh concerned only industrial and service customers.

This partial tariff freeze was partly suspended in an order issued by the *Conseil d'État* (France's highest administrative court). Further to this decision, a new decree was adopted by the government on December 22, 2011 updating the supply formula used to compute the tariffs. The revised formula introduces an average rise of 4.4% as from January 1, 2012.

Year	Average level of tariff change
2009	
January 1	€ per MWh
April 1	€(5.28) (1) per MWh
2010	
April 1	€4.03 per MWh
July 1	€2.28 per MWh
October 1	€ per MWh
2011	
January 1	€ per MWh
April 1	€2.45 per MWh

(1) At April 1, 2009, the B1 tariff was reduced by €4,63/MWh.

	Average level of tariff change for industrial and service customers
July 1	€1.38 per MWh
October 1	€2.16 per MWh

Subscription tariffs

Subscription tariffs are revised quarterly to account for any changes in the euro/dollar exchange rate, changes in the price of a basket of oil products and changes in natural gas prices on the TTF market.

Year	Average level of tariff change
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
2010	
January 1	€0.48 per MWh
April 1	€1.41 per MWh
July 1	€3.14 per MWh
October 1	€ per MWh
2011	
January 1	€(0.58) per MWh
April 1	€3.29 per MWh
July 1	€3.68 per MWh
October 1	€(0.33) per MWh

6.1.1.2.2 Energy Europe & international

Key figures

	Dec. 31, 2011				Dec. 31, 2010				
Group contributions *In millions of euros*	**Benelux/ Germany**	**Europe**	**International Power**	**Energy Europe & International**	**Benelux/ Germany**	**Europe**	**International Power**	**Energy Europe & International**	**% Change (reported basis)**
Revenues	13,901	7,001	15,754	36,656	14,257	6,491	11,022	31,770	+15.4%
EBITDA	2,216	1,061	4,225	7,453	2,272	1,053	2,533	5,831	+27.8%
Depreciation, amortization and provisions	(737)	(459)	(1,470)	(2,666)	(610)	(447)	(827)	(1,884)	
Share-based payment	(9)	(3)	(1)	(12)	(6)	(1)	(3)	(10)	
CURRENT OPERATING INCOME	1,471	600	2,754	4,775	1,657	604	1,704	3,937	+21.3%

The following data exclude the contributions of corporate functions.

Benelux & Germany

Electricity volumes sold in Benelux and Germany dropped 8.3% to 120.4 TWh, while revenues fell back €557 million on 2010. Performances contrasted sharply across the region: volumes tumbled in Belgium and Luxembourg, fell slightly in the Netherlands, and remained stable in Germany.

- In Belgium and Luxembourg, the volume downturn – concerning chiefly sales to business customers – was almost entirely offset by an increase in sales prices as higher transportation and distribution network costs were passed on to these customers.
- In the Netherlands, revenues retreated €187 million, or 12.2%, hit by the fall in volumes and in average sales prices across all customer segments.
- In Germany, the €40 million (3.1%) increase in sales was primarily attributable to the rise in average prices across all segments.
- Outside the Benelux & Germany region, sales were down 4.0 TWh and now represent just €649 million.

Revenues from **gas sales** slipped 1.6%, with a 7.9 TWh (8.8%) drop in volumes sold. The downturn in volumes was partly offset by the increase in sales prices in line with market developments, particularly in Belgium. Milder weather conditions in 2011 accounted for 11.6 TWh of the volume decline.

EBITDA for the GDF SUEZ Energy Benelux & Germany business area came in at €2,216 million at end-2011, down 2.5% year on year. On an organic basis, EBITDA edged down 0.5%:

- the business area was boosted by the full-year impact of the new Maxima plant in the Netherlands, commissioned in October 2010;
- despite an improved performance from the European portfolio, the energy margin in Belgium was squeezed by falling power prices on the market;
- sales of gas fell sharply, hit by adverse weather conditions;
- ongoing operating cost cutting efforts within the business area helped counter these factors to some extent.

Current operating income for GDF SUEZ Energy Benelux & Germany came in at €1,471 million in 2011, versus €1,657 million a year earlier. Besides the fall in EBITDA, current operating income was affected by higher depreciation and amortization expenses resulting from the early closure of plants in Belgium and the Netherlands, the commissioning of the Maxima and Gelderland (biomass) power plants, and of the assets acquired from E.ON.

Europe

Changes in the scope of consolidation represented a positive impact of €211 million on revenue, and were mainly linked to the reorganization of activities in Italy previously carried out by the Group in partnership with Acea. Changes in exchange rates had a negative €28 million impact.

The 5.5% (€327 million) organic growth in year-on-year revenues chiefly results from:

- the Italy and Greece region (up €459 million), which was boosted by development plans resulting in the commissioning of the Héron 2 power plant in Greece in August 2010, and by an increase in the number of customers for its sales operations in Italy. Amid tough market conditions, revenues were also boosted by a rise in regulated electricity tariffs and growth in Virtual Power Plant (VPP) sales;
- Spain and Portugal (down €215 million), which reported a significant 4.3 TWh decline in electricity production on the back of unfavorable spark spreads;
- Central and Eastern Europe, which posted an €83 million increase in revenues. Gas operations were buoyed by price increases, which in some countries only partially reflected higher costs, and by a rise in volumes sold and distributed in Romania (up 3.7 TWh).

EBITDA for the GDF SUEZ Energy Europe business area came in at €1,061 million for the year to December 31, 2011, up €8 million, or 0.8%, based on reported figures. EBITDA fell €42 million, or 4.3%, on an organic basis, reflecting:

- negative organic EBITDA growth of €24 million in Central and Eastern Europe, due chiefly to the slowdown in gas sales activities in Romania, hit by the squeeze on supply costs, local coal supply disruptions in Poland and a fall in volumes of ancillary services in Hungary. The decline was partly offset by better gas procurement conditions in Slovakia as a result of the renegotiation of its biggest supply agreement;
- an €18 million rise in EBITDA on an organic basis for Italy and Greece region, despite tough market conditions, powered by growth in sales activities, a rise in regulated tariffs, and the contribution from the Héron 2 power plant;
- a fall of €59 million in EBITDA for Spain and Portugal, chiefly reflecting strong comparative data (2010 was boosted by non-recurring indemnities received in respect of a power plant under construction) and a significant negative volume impact.

Current operating income for the business area was down 12.0% on an organic basis to €600 million in 2011. The downward trend was chiefly driven by the same factors as those described above for EBITDA.

International power

Group contributions *In millions of euros*	Dec. 31, 2011 Latin America	North America	Europe IP	META	Asia	Australia	International Power	Dec. 31, 2010 Latin America	North America	Europe IP	META	Asia	Australia	International Power	% change (reported basis)
Revenues	3,694	4,830	3,410	1,175	1,764	877	15,754	3,208	4,215	1,493	727	1,380		11,022	+42.9%
EBITDA	1,736	1,015	600	304	332	347	4,225	1,475	617	95	187	233		2,533	+66.7%
Depreciation, amortization and provisions	(404)	(445)	(310)	(59)	(94)	(156)	(1,470)	(349)	(319)	(65)	(20)	(72)		(827)	
Share-based payment							(1)							(3)	
CURRENT OPERATING INCOME	1,332	570	290	245	238	191	2,754	1,126	298	29	168	162		1,704	+61.6%

The following data exclude the contributions of corporate functions.

Revenues for the **International Power** business area totaled €15,754 million, up 42.9% based on reported figures and 8.3% on an organic basis. In addition to the €4.2 billion impact resulting from changes in the scope of consolidation (chiefly reflecting the consolidation of International Power assets), revenues were also fueled by growth in Latin America, as new facilities were commissioned in Brazil and Panama, in Asia and the Middle East, Turkey & Africa, as well as by LNG operations in North America and by retail activities in the UK and Other Europe region.

Revenue trends for the business area in 2011 are described in International Power's report dated February 8, 2012.

EBITDA came in at €4,225 million for the year to December 31, 2011, rising even more sharply than revenues (up 66.7% based on reported figures and 17.3% on an organic basis). Organic EBITDA growth was powered chiefly by Latin America and North America.

Current operating income totaled €2,754 million versus €1,704 million in 2010, representing an increase of 61.7% based on reported figures and 24.2% on an organic basis.

Latin America

Revenues for the Latin America region totaled €3,694 million, up €486 million on a reported basis. Revenues include the €121 million net impact of changes in the scope of consolidation resulting from the controlling interest acquired in the Mejillones LNG terminal in Chile during the second half of 2010. Exchange rate fluctuations had a negative €60 million impact. Organic revenue growth reflects the rise in average sales prices, particularly in Brazil, as well as the expansion of operations in Chile and Panama.

Electricity sales remained stable, up 0.6 TWh to 49.2 TWh. **Gas sales** climbed 4.1 TWh to 17 TWh, due chiefly to the commissioning of the Mejillones LNG terminal in Chile in the first half of 2010.

EBITDA rose €261 million to €1,736 million, representing an increase of €237 million, or 16.2%, on an organic basis. This reflects:

- in Brazil, new contracts negotiated at higher prices, inflation and a rise in hydro electricity production (following the commissioning of the first Estreito units) which powered margin gains. These positive trends were offset by a decline in thermal production, which had enjoyed fairly strong levels in 2010;
- in Chile, margin growth which was powered by a rise in volumes sold (Minera Esperanza) and an increase in production costs rebilled to customers (E.Cl benefiting from its coal price indexing). Indemnities were recognized in an amount of €45 million for commissioning delays relating to the CTA and CTH power plants;
- in Panama, the Bahia Las Minas plant which collected indemnities for the delay in the plant's conversion to coal and benefited from margin growth following the commissioning of the coal facility. Spot volumes sold also rose. The commissioning of the first of the Dos Mares units also had a positive impact, namely Lorena 1 (18 MW) and Lorena 2 (18 MW).

Current operating income advanced €206 million to €1,332 million, up €203 million, or 18.2%, on an organic basis. EBITDA growth was partially offset by higher depreciation and amortization expenses relating mainly to the commissioning of the first units of Estreito (Brazil), the CTA and CTH plants (Chile), as well as the first units of Dos Mares and the coal facility (Panama).

North America

Changes in exchange rates had a negative €191 million impact on revenues, resulting essentially from the depreciation of the US dollar. Additions to the scope of consolidation added €743 million to revenues, reflecting the consolidation of International Power assets as from February 2011.

Electricity sales represented 78.3 TWh, a rise of 1.5 TWh on an organic basis thanks to a strong performance from the retail business. The production business reported an organic decline in revenues, hit by a 2.8 TWh fall in volumes sold to 25.7 TWh and by uneven price impacts in each market.

Natural **gas sales** outside the Group [(1)] came in at 63.4 TWh, in line with 2010. Revenues were lifted by higher prices following the re-routing of LNG cargoes towards other markets and the rise in average post-hedging prices for the LNG business in the United States.

EBITDA for the North America region was €1,015 million for 2011, a rise of €398 million based on reported figures. Excluding a negative €27 million currency impact due chiefly to the depreciation of the US dollar and a positive €274 million impact of changes in the scope of consolidation (consolidation of International Power assets), organic EBITDA growth for North America came in at 25.6%, or €151 million. EBITDA growth was spurred chiefly by:

- The LNG business (up €134 million), which benefited from higher prices following the re-routing of LNG shipments towards other markets, including Asia and Europe.
- The strong performance from retail energy sale operations (up €19 million) was driven by volume and margin gains on the back of greater market stability as well as lower purchase costs.
- EBITDA from electricity production operations remained stable (inching down €7 million, or 1.5% on an organic basis):
  - in the ERCOT market in Texas, operations were given a boost by very high peak electricity prices thanks to favorable weather conditions and a good availability of power plants,
  - conditions in the NEPOOL market (New England) remained tough, with lackluster capacity prices. The performance of biomass facilities was affected by the expiration of some long-term contracts at end-2010. These negative market impacts were comfortably offset by insurance indemnities collected due to the unavailability of the Northfield Mountain pump accumulator hydro facility in 2010,
  - assets in the New York and PJM markets were affected by the end of several attractive long-term electricity supply contracts in 2011 as well as by unplanned stoppages,
  - a good performance from other contracted assets was more than offset by unplanned stoppages at the Red Hills' coal-fred power plant in Mississippi.

Current operating income for International Power's North American operations moved up €194 million on an organic basis to €570 million in 2011. The reasons for the upturn are essentially the same as those explained above for EBITDA.

UK & other Europe

Changes in exchange rates had a negative impact of €16 million on revenues, while changes in the scope of consolidation had a positive impact of €1,844 million, reflecting mainly the consolidation of International Power's European assets.

On an organic basis, **revenues** gained 6.1% year on year, powered chiefly by sales activities and particularly volume growth of 2.2 TWh, combined with a positive price effect.

EBITDA for the region came in at €600 million for the year, up €505 million on a reported basis. The region reported organic EBITDA growth of €5 million (5.0%), mainly reflecting lower operating costs for Teesside, partly offset by a 5.3 TWh drop in electricity volumes produced as a result of sluggish market prices, coupled with narrower margins on sales activities.

Current operating income for the region was down 2.5% on an organic basis to €290 million in 2011.

Middle East, Turkey & Africa

International Power Middle East, Turkey & Africa saw **revenues** for the year surge 61.6% on a reported basis, up to €1,175 million, owing primarily to the consolidation of International Power assets and the full consolidation of the Hidd Power Company in Bahrain. Taking into account these impacts and the negative €41 million currency effect due to the fall in the value of the US dollar, organic revenue growth came in at €142 million, or 20.6%.

The advance in revenues was spurred mainly by sales of electricity and gas in Turkey and by the operations and maintenance business in Oman.

The region's **electricity sales** rose 10.6 TWh to 18.7 TWh, lifted mainly by changes in the scope of consolidation (consolidation of International Power assets).

Natural **gas sales** edged up 1.1 TWh to 3.9 TWh.

EBITDA for International Power Middle East, Turkey & Africa climbed €117 million, or 62.3%, based on reported figures, to €304 million. Excluding the impact of changes in the scope of consolidation (consolidation of International Power assets), organic EBITDA fell 2.4%, or €4 million. This reflects:

- declining development fees in the Middle East, with fees relating to the Ras Laffan C and Suweihat projects in 2011 lower than fees for the Riyadh II and Barka III/Sohar II projects in 2010;

(1) Sales of natural gas including intragroup sales came in at 88.4 TWh, up 20.5 TWh on an organic basis.

- an improved performance in operating and maintenance activities which were boosted by the first full operative year of the Marafiq plant and by the sale of spare parts;
- EBITDA growth for Baymina in Turkey, with a one-off sum paid over to TETAS, the plant's main customer, in 2010. A rise in volumes of gas sold drove EBITDA growth for Izgaz.

Current operating income for the region totaled €245 million, up €78 million, or 46.2%, based on reported figures. Excluding the impacts of changes in the scope of consolidation, current operating income retreated 13.2%, or €21 million, on an organic basis. Besides the decrease in EBITDA, this decline reflects the non-recurrence of the write-back of the TETAS provision which had boosted current operating income in 2010.

Asia

Including the positive impact of gains in the Singapore dollar and a weaker Thai baht (€1 million), the consolidation of International Power assets and the proportionate consolidation of gas distribution assets in Thailand, organic **revenue** growth came in at €162 million, or 11.7%.

The advance in revenues was led chiefly by Thailand with the commissioning of the CFB3 and Phase V facilities, and by an improved performance from Singapore operations.

EBITDA for the Asia region was €332 million in 2011, up €99 million on a reported basis. After stripping out the negative €1 million currency impact and the positive €63 million impact of changes in the scope of consolidation, EBITDA moved up €37 million.

- In Thailand, the growth momentum provided by Glow's CFB3 and Phase V units and the indemnities collected by Gheco One was partially offset by adverse weather conditions in Laos.
- In Singapore, Senoko reported a €22 million rise in EBITDA, buoyed by margin growth on sales agreements with industrial customers and market opportunities in the middle of the year.

Current operating income for the region moved up €22 million (13.5%) on an organic basis to €238 million in 2011. The reasons for the upturn are essentially the same as those described above for EBITDA.

Australia

Revenues for International Power Australia came in at €877 million, reflecting the contribution of International Power assets.

The region's contribution to **EBITDA** (€347 million) and current operating income (€191 million) was derived wholly from International Power assets, *i.e.*, from changes in the scope of consolidation.

6.1.1.2.3 Global gas & LNG

In millions of euros	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Business line revenues	21,731	20,793	+4.5%
Revenue contribution to Group	9,936	9,173	+8.3%
EBITDA	2,386	2,080	+14.7%
Depreciation, amortization and provisions	(1,217)	(1,116)	
Share-based payment	(5)	(4)	
CURRENT OPERATING INCOME	1,164	961	+21.2%

Total revenues for the Global Gas & LNG business line, including intragroup services, climbed €938 million (4.5%) year on year on a reported basis, to €21,731 million.

The **revenue contribution** came in at €9,936 million in 2011, up €763 million, or 8.3%, on 2010 and by 9.6% on an organic basis.

The revenue contribution was largely sustained by strong growth in Exploration & Production and LNG businesses, and to a lesser extent by sales in the Gas Supplies business unit, offsetting a decline in sales to European Key Accounts.

The rise in the business line's revenue contribution reflects mainly:

- a rise in hydrocarbon production within the Exploration & Production business following the ramp-up of production at the Gjøa and Vega fields in Norway and the impact of rising commodity prices. Total hydrocarbon production in 2011 was up 6.7 Mbep to 57.8 Mbep from 51.1 Mbep in 2010 [1];
- growth in external LNG sales with volumes up 7 TWh. In 2011, external LNG sales came in at 41 TWh, representing 45 cargoes including 24 shipped to Asia (34 TWh and 39 cargoes, including 16 shipped to Asia in 2010). LNG operations also received a boost from the rise in commodity prices;

(1) *Including 37.6 Mbep relating to the production contribution in 2011 versus 34.6 Mbep in 2010.*

- growth in short-term sales volumes amid rising market prices, up to 111 TWh [2] in 2011 (90 TWh in 2010);
- a drop of 20 TWh in natural gas sales in the European Key Accounts portfolio in a fiercely competitive climate, with sales volumes down to 144 TWh in 2011 from 164 TWh in 2010.

EBITDA for the Global Gas & LNG business line came in at €2,386 million versus €2,080 million in 2010, representing a rise of €306 million, or 14.7%, based on reported figures and 13.5% on an organic basis.

EBITDA growth reflects:

- advances in the Exploration & Production business thanks to the commissioning of the Gjøa and Vega oil fields in Norway at the end of 2010 and the rise in commodity prices in the period;
- an improved performance from the LNG business, particularly in Asia;
- offsetting the downturn in the Gas Supplies business in 2011 resulting from the impact of the gas/oil price spreads and particularly mild weather conditions over the period, as well as the fall in volumes of sales to European Key Accounts.

Current operating income for the business line moved up €203 million, or 21.2% on a reported basis, to €1,164 million in 2011.

6.1.1.2.4 Infrastructures

In millions of euros	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Business line revenues	5,703	5,891	-3.2%
Revenue contribution to Group	1,491	1,203	+23.9%
EBITDA	2,991	3,223	-7.2%
Depreciation, amortization and provisions	(1,189)	(1,148)	
Share-based payment	(10)	(3)	
CURRENT OPERATING INCOME	1,793	2,071	-13.4%

Total **revenues** for the Infrastructures business line including intragroup services came in at €5,703 million for 2011, down 3.2% on 2010 owing primarily to a 71 TWh fall in volumes transported by GrDF mainly due to milder weather conditions and to lower storage capacity sales in France.

Revenue trends also reflect:

- the start-up of commercial operations at Fos Cavaou, operating at 20% of capacity at April 1, 2010 and 100% as of November 1, 2010;
- new transportation rates in France, which were raised by 3.9% as of April 1, 2010 and by 2.9% as of April 1, 2011;
- new rates for accessing distribution infrastructure, which were raised by 0.8% at July 1, 2010 and subsequently cut by -1.85% at July 1, 2011;
- new gas storage facilities acquired by Storengy in Germany on August 31, 2011. GDF SUEZ is among the four leading operators of natural gas storage facilities in Germany and is No. 1 in Europe in terms of storage capacity sales.

The contribution of the business line to Group revenues came to €1,491 million, 23.9% higher than in 2010. The increase in the contribution reflects:

- the growth of transportation, storage and terminalling services on behalf of third parties due to an increasingly deregulated market;
- the start-up of commercial operations at Fos Cavaou;
- new gas storage facilities acquired by Storengy in Germany on August 31, 2011.

EBITDA for the Infrastructures business line came in 7.2% lower year on year, at €2,991 million, chiefly reflecting the fall in revenues.

Current operating income for the Infrastructures business line came in at €1,793 million, down 13.5% on 2010, in line with EBITDA trends.

6.1.1.2.5 Energy services

Group contributions *In millions of euros*	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Revenues	14,206	13,486	5.3%
EBITDA	1,005	923	8.9%
Depreciation, amortization and provisions	(308)	(302)	
Net disbursements under concession contracts	(28)	(14)	
Share-based payment	(14)	(9)	
CURRENT OPERATING INCOME	655	598	9.5%

Revenues for the Energy Services business line came in at €14,206 million for 2011, up 5.3% year on year based on reported figures and up 3.0% on an organic basis.

In France, revenues for service activities (Cofely France) slipped 1.8% on an organic basis, with the positive impact of commercial development and improving energy prices offsetting adverse weather conditions. Installation and maintenance activities delivered organic growth of 9.8%, spurred by revenue gains for Inéo (up 7.5%), the Environmental and Refrigeration Engineering business (up 11.8%) and Endel (up 13.2%).

Belgium and the Netherlands reported organic revenue growth of 7.3% and 12.3%, respectively. In Belgium, this trend reflects a good level of new orders in installation businesses as well as robust commercial development. In the Netherlands, sales momentum picked up pace as production began quickly on major new orders, buoying operations in 2011.

Tractebel Engineering reported a slight fall of 1.9% in organic revenue growth. This reflects the high number of large-scale projects in the comparative 2010 period and delays on orders taken in infrastructure and in the international subsidiaries, partially offset by strong momentum from the energy business.

Excluding France and Benelux, organic revenues for the business line dropped 4.5% in northern Europe (mainly UK). In southern Europe, revenues retreated 6.4%, dragged down by Italy and Spain in particular. The International Overseas business unit delivered organic revenue growth of 2.6%.

EBITDA for the Energy Services business line came in at €1,005 million, up 8.9% based on reported figures and 3.7% on an organic basis. EBITDA growth testifies to the business line's ability to perform well in a tough economic climate in most of its European markets. All of the businesses except Cofely France saw EBITDA make strong gains or remain stable.

In France, service activities were affected by adverse weather conditions throughout the year, pressure on margins when renewing contracts and the expiration of the first co-generation agreements. EBITDA for installation operations was boosted by a positive volume impact, led by Endel in particular.

Business diversification and a strong sales momentum **in Belgium** helped lift performance. In the Netherlands, the new organization and efforts to optimize overheads drove a recovery in margins in line with 2011 forecasts amid an upturn in sales.

Tractebel Engineering continued to put in a strong performance, posting profitability gains amid more stable business levels.

Following the consolidation of Utilicom as of April 1, 2010, ProEnergie as of October 1, 2010 and Comeron in the second half of 2011, **International North** posted strong advances based on reported figures. Profitability remained stable on an organic basis, with the downturn in the UK and Eastern European countries offset by advances in Germany and Austria.

The **International South** business unit had to contend with a particularly tough economic climate in Italy and Spain. Nevertheless, Italy, in particular, delivered organic EBITDA growth on the back of one-off gains relating to the early withdrawal from a co-generation contract.

EBITDA for **International Overseas** operations rose sharply on an organic basis across all businesses.

In line with EBITDA, **current operating income** for the Energy Services business line jumped 9.5% (5.8% on an organic basis), to €655 million, versus €598 million in 2010.

6.1.1.2.6 SUEZ Environnement

Group contributions *In millions of euros*	**Dec. 31, 2011**	**Dec. 31, 2010**	**% change (reported basis)**
Revenues	14,819	13,863	6.9%
EBITDA	2,513	2,339	7.4%
Depreciation, amortization and provisions	(1,179)	(1,027)	
Net disbursements under concession contracts	(265)	(252)	
Share-based payment	(29)	(36)	
CURRENT OPERATING INCOME	1,039	1,025	1.4%

Revenues for 2011 came in at €14,819 million, up 6.9% year on year on a reported basis, or 5.2% based on organic figures. Revenue growth was fueled mainly by the Waste Europe segment (up 8.9%), where upbeat waste sorting and recycling activities were buoyed by a 3.4% volume growth for the year as a whole and spiraling commodity prices in the first half of 2011 (although paper prices fell sharply in the fourth quarter). Revenues for the Water Europe segment climbed 3.2%, buoyed by a favorable pricing environment on its three biggest markets (France, Spain and Chile) and a strong upturn in volumes in Chile. Volumes rose slightly in Spain, but slipped in France. The International segment reported 1.5% growth on the back of the Melbourne contract, but also benefited from a sharp rise in volumes in both businesses across emerging markets.

EBITDA came in at €2,513 million, up 3.1% on an organic basis. EBITDA for the Water Europe segment climbed 10.2%, thanks to upbeat business momentum, cost reductions and synergies resulting from the COMPASS plan, and one-off impacts. Waste Europe reported 6.5% EBITDA growth, driven by rising volumes amid a tight pricing environment and further operating cost savings. The International segment posted a 17.7% fall in EBITDA, due to delays and cost overruns on the construction of the Melbourne plant. However, the segment reported performance gains in its main businesses in Asia/Pacific and North Africa/Middle East.

Current operating income edged up 1.4% year on year, held back by operational difficulties on the Melbourne contract. However, solid fundamentals in the Water and Waste Europe segments and upbeat markets in the international segment had a positive impact. Current operating income was also bolstered by the full consolidation of Agbar (first five months of 2011), which offset the impact of disposals in fourth-quarter 2011 and additional depreciation expenses taken against facilities commissioned during the year.

The operating performance of the business line for 2011 is presented in SUEZ Environnement's management report published on February 8, 2012.

6.1.1.2.7 Other

Group contributions *In millions of euros*	**Dec. 31, 2011**	**Dec. 31, 2010**	**% change (reported basis)**
Revenues			
EBITDA	(328)	(332)	1.3%
Depreciation, amortization and provisions	(127)	(49)	
Share-based payment	(63)	(61)	
CURRENT OPERATING INCOME	(518)	(443)	-17.0%

EBITDA for the "Other" business line remained virtually stable (up €4 million), with the intrinsic performance of head office divisions broadly in line with 2010.

However, the **current operating loss** for the business line widened by €75 million, with the non-recurrence of a provision write-back which had boosted 2010 figures, and an increase in depreciation expenses arising on new head office buildings and software.

6.1.1.3 Other income statement items

In millions of euros	2011	2010	% change (reported basis)
Current operating income	8,978	8,795	2.1%
Mark-to-market on commodity contracts other than trading instruments	(105)	(106)	
Impairment of property, plant and equipment, intangible assets and financial assets	(532)	(1,468)	
Restructuring costs	(189)	(206)	
Changes in scope of consolidation	1,514	1,185	
Other non-recurring items	18	1,297	
Income from operating activities	**9,684**	**9,497**	**2.0%**
Net financial loss	(2,606)	(2,222)	
Income tax expense	(2,119)	(1,913)	
Share in net income of associates	462	264	
Net income	**5,420**	**5,626**	**-3.7%**
Non-controlling interests	1,417	1,010	
Net income Group share	4,003	4,616	-13.3%

Income from operating activities came in 2.0% higher year on year, at €9,684 million, mainly reflecting the contribution of current operating income. The net impact of one-off items was broadly in line with 2010.

Changes in the fair value of commodity instruments had a negative €105 million impact on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting), broadly unchanged from 2010. The impact for the period results mainly from negative changes in the forward prices of the underlying commodities. This negative impact is offset in part by the positive impact of unwinding positions with a negative market value at December 31, 2010.

Income from operating activities was also affected by:

- asset impairment losses totaling €532 million, concerning mainly impairment losses taken against goodwill relating to operations in the Energy - Southern Europe segment and against electricity production assets in Spain (Castelnou) and the US (Red Hills plant);
- restructuring costs totaling €189 million, which include costs relating to the implementation of the International Power combination and the related operating synergies (€89 million), as well as the costs of adapting to the economic climate in the SUEZ Environnement (€40 million) and Energy Services (€37 million) business lines;
- "Changes in scope of consolidation" (gains and losses on the disposal of consolidated equity interests or on the remeasurement of previously-held interests in accordance with IFRS 3), which represented €1,514 million (€1,185 million in 2010) and primarily reflected capital gains on the disposal of shares in GDF SUEZ LNG Liquefaction (€479 million) and EFOG (€354 million), the sale of Bristol Water by Agbar (€88 million), and proceeds from the sale of a portion of the share capital of inter-municipal companies in the Walloon region (€108 million). This item also includes the positive impacts of remeasuring at fair value the previously-held equity interests in the Flemish inter-municipal companies (€425 million) following the loss of significant influence and the recognition of these shares as "available-for-sale securities";
- "Other non-recurring items", which totaled €18 million in 2011, versus €1,297 million in 2010. In 2011, this item essentially includes €33 million in capital gains on the disposal of a building in the SUEZ Environnement business line.

The net financial loss totaled €2,606 million for the year to December 31, 2011 (€2,222 million for the year to December 31, 2010). The increase in the net financial loss mainly reflects the rise in the cost of net debt due to volume effects on gross debt following the acquisition of International Power.

The effective tax rate adjusted for disposal gains and losses and non-deductible asset impairment charges came out at 35.3% for 2011, versus 31.3% for 2010. The increase in the effective tax rate resulted primarily from:

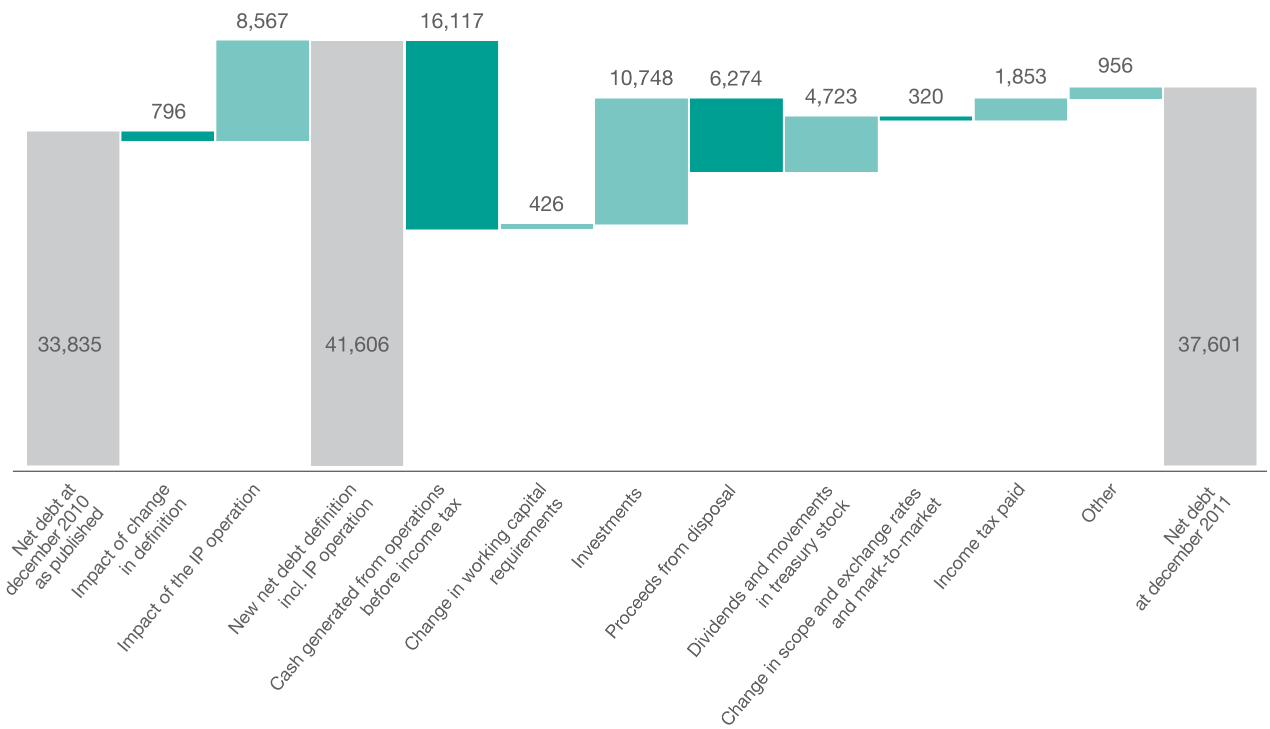
- the increase in the proportion of income generated by Exploration & Production entities, taxed at a rate of over 50%;
- the increase in the tax rate as from end-March 2011 for Exploration & Production activities in the United Kingdom from 50% and 62%, resulting in a non-recurring deferred tax expense.

Share in net income of associates was €198 million higher than in 2010, due chiefly to the impact of changes in scope of consolidation resulting chiefly from the consolidation of International Power.

Non-controlling interests in net income increased €407 million to €1,417 million, driven by the consolidation of International Power entities.

6.1.1.4 Change in net debt

Adjusted for certain financing-backed assets and derivative instruments, net debt[1] stood at €37.6 billion, a decrease of €4 billion on the end-December 2010 *pro forma* figure (*i.e.*, including International Power). This was mainly due to:



6.1.1.4.1 Cash generated from operations before income tax and working capital requirements

Cash generated from operations before income tax and working capital requirements came in at €16,117 million, up 9.4% year on year on a reported basis. Changes in this caption reflect trends in EBITDA.

6.1.1.4.2 Change in working capital requirements

Working capital requirements rose €426 million. This reflects advances made by the Group’s businesses as well as an increase in gas stocks due to sharply contrasting weather conditions, with mild weather in 2011 and particularly cold weather one year earlier.

6.1.1.4.3 Net investments

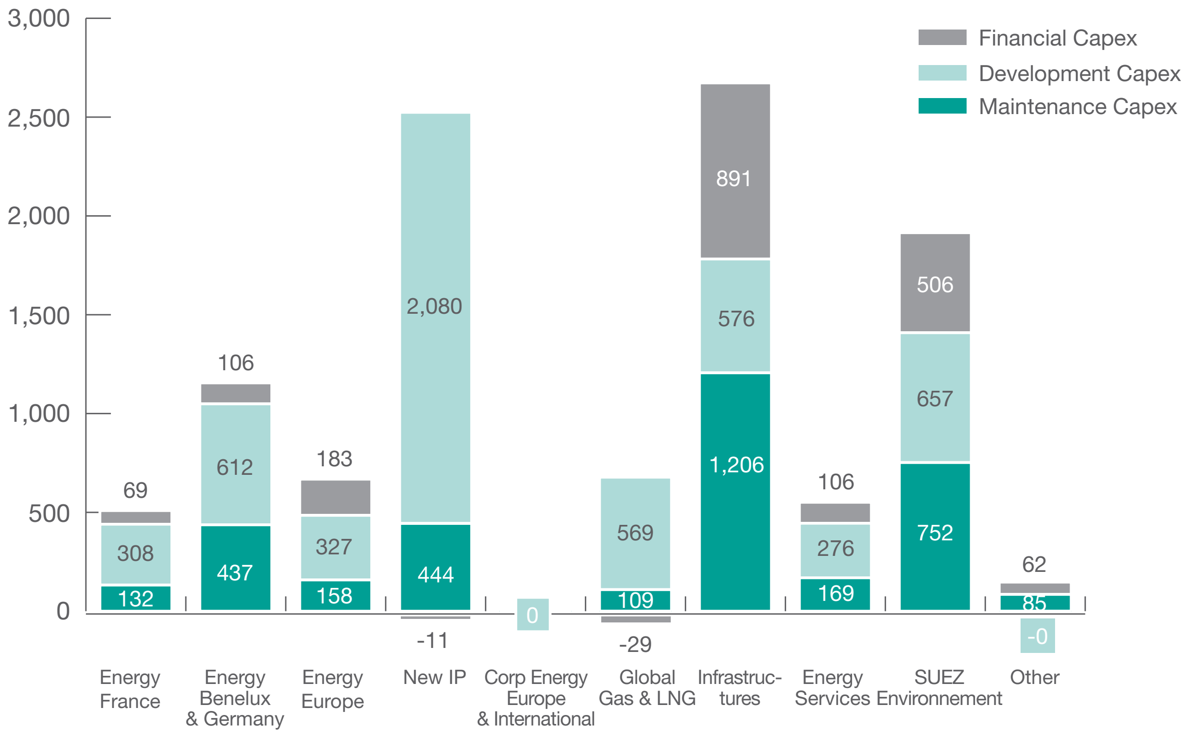
Investments totaled €10,748 million in 2011 and included:

- financial investments for €1,850 million, concerning mainly storage facilities in Germany (€915 million), the Acea transaction (€217 million) and Sita Australia’s acquisition of shares in Waste Services NSW (€174 million);
- development expenditure totaling €5,405 million, principally incurred by the Energy Europe & International business line;
- maintenance expenditure of €3,493 million.

Disposals in 2011 totaled €6,274 million and essentially related to the disposal of a portion of the Group’s shareholdings in inter-municipal companies (€723 million), sales of shares to non-controlling shareholders of GRTGaz (€800 million) and E&P International (€2,491 million), and the disposal of shares in GDF SUEZ LNG Liquefaction, G6 Rete Gas and Bristol Water.

Capital expenditure breaks down as follows by business line:

(1) *See Note 14 to the consolidated financial statements for the new definition of net debt.*



6.1.1.4.4 Share buybacks and dividends

Total dividends paid in cash by GDF SUEZ SA to its shareholders amounted to €3,328 million. This amount includes:

- the balance of the €0.67 per share dividend for 2010 paid on May 9, 2011; and
- the €0.83 per share interim dividend for 2011 paid on November 15, 2011.

Dividends paid by various subsidiaries to non-controlling interests totaled €1,035 million and primarily comprised dividends in the amount of €291 million paid to non-controlling shareholders of International Power entities.

The Group also bought back its own shares for an amount of €362 million and increased its share capital by €35 million, chiefly through an employee share issue.

6.1.1.4.5 Net debt at December 31, 2011

Excluding amortized cost but including the currency impact of derivatives, at December 31, 2011, 52% of net debt(1) was in euros, 21% in US dollars, 6% in Brazilian real, and 4% in Australian dollars.

Including the impact of financial instruments, 88% of net debt(1) was at fixed rates.

The average maturity of net debt (1) rose to 11.2 years, reflecting long-term bond issues carried out during the period.

At December 31, 2011, the Group had undrawn confirmed credit facilities (including commercial paper back-up lines) totaling €15.1 billion.

6.1.1.5 Other items in the statement of financial position

Property, plant and equipment and intangible assets stood at €103.4 billion at December 31, 2011, versus €91.5 billion at December 31, 2010. This €11.9 billion increase stems chiefly from changes in the scope of consolidation relating to the acquisition of the International Power group and the Acea transaction.

Goodwill climbed €3.4 billion to €31.4 billion, due mainly to the acquisition of the International Power group.

Available-for-sale securities remained stable at €3.3 billion.

Investments in associates totaled €2.6 billion, up €0.6 billion due mainly to the inclusion of International Power associates in the consolidated financial statements.

Total equity amounted to €80.3 billion, up €9.6 billion on December 31, 2010 (€70.7 billion), essentially reflecting €5.4 billion in net income for the period, the €4.5 billion dividend payout and the €9.8 billion positive impact of changes in the scope of consolidation.

(1) See Note 14 to the consolidated financial statements for the new definition of net debt.

Provisions rose €1.7 billion to €16.2 billion. The increase stems chiefly from changes in the scope of consolidation (€0.5 billion), actuarial gains and losses on provisions for pensions and other employee benefits (€0.7 billion) and the impact of unwinding discount adjustments (€0.6 billion).

6.1.1.6 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 €24,126 million in 2011, down 4.9% on 2010 due mainly to adverse weather conditions.

The Company posted a net operating loss of €1,075 million in 2011, versus €97 million in 2010. The increase in the net operating loss is due primarily to the impact of weather conditions and the gas tariff shortfall, as well as negative volume effects arising on industrial customers.

The Company reported net financial income of €3,161 million, up from €1,491 million one year earlier. This includes mainly dividends received from subsidiaries for €4,087 million and the cost of debt amounting to €801 million. At December 31, 2011, net debt (including irredeemable and non voting securities) came out at €24,914 million. At the same date, cash and cash equivalents totaled €9,177 million.

The Company posted net non-recurring income of €486 million, buoyed by capital gains on sales of shares (including GRTGaz) totaling €415 million, and by the impact of an adjustment to the value of "gas in the meter" in prior years for a net-of-tax amount of €478 million.

Tax consolidation resulted in a net benefit of €295 million (€356 million in 2010), shown within "Income tax".

Net income came in at €2,389 million.

Equity amounted to €46,838 million at end-2011, versus €47,700 million at end-2010, reflecting the dividend payout, partially offset by net income for the period.

Information relating to supplier payment deadlines

The law in favor of the modernization of the economy ("LME" law No. 2008-776 of August 4, 2008) and its implementing decree No. 2008-1492 of December 30, 2008, provide that companies whose annual financial statements are audited by a Statutory Auditor must publish information regarding supplier payment deadlines. The purpose of publishing this information is to ensure that there are no significant delays in the payment of suppliers.

The breakdown by maturity of outstanding amounts payable by GDF SUEZ SA with regard to its suppliers over the last two reporting periods is as follows:

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	External	Intra-group	Total	External	Intra-group	Total
Past due	1	53	54	1	1	2
30 days	520	98	618	414	136	549
45 days	20	14	34	4	3	7
More than 45 days	3	27	30	15	2	18
TOTAL	**544**	**192**	**736**	**434**	**142**	**576**

6.1.1.7 Outlook

The 2012 financial objectives(1) of the Group are robust and are part of a strict financial discipline. Based on average weather and stable regulation they are the following:

- Net recurring income group share between €3.5 and 4.0 billion (2)
- Gross capex around €11 billion
- Ordinary dividend equal or superior to 2011
- Net debt/EBITDA ratio less than or equal to 2.5x and "A" category rating

GDF SUEZ is also strongly committed in delivering on sustainable development objectives for 2015

- Hiring 100,000 employees over 2011-2015
- Training: At least 2/3 of Group employees trained yearly
- Renewable energy: Increase installed capacity by 50% vs 2009
- Diversity: 25% female managers

(1) *Targets assume average weather conditions, full pass trough of supply costs in French regulated gas tariffs, no other significant regulatory and macro economic changes. The underlying assumptions are as follow: average brent $/bbl 98 in 2012; average electricity baseload Belgium €/MWh 55 in 2012 ; average gas NBP €/MWh 27 in 2012. Indicative 2012 EBITDA of €17 billion.*

(2) *Vs target of EPS 2012≥ EPS 2011 announced on March 3, 2011.*

- Health and Safety : Achieve a frequency rate of less than 6
- Biodiversity: Roll out an action plan for each sensitive site in the EU
- Employee shareholding: 3% of the Group's capital held by employee shareholders

By 2015, GDF SUEZ expects a net recurring income group share[(1)] around EUR 5 billion of, with average weather and stable regulation, with gross capex between EUR 9 and 11 billion per year[(2)], a strong financial structure (net debt/EBITDA ratio less than or equal to 2.5x and "A" category rating) allowing a stable or growing dividend over 2013-2015.

6.1.2 CASH AND SHAREHOLDERS' EQUITY

6.1.2.1 The issuer's equity

Total shareholders' equity stood at €80.3 billion on December 31, 2011, an increase of €9.7 billion from the previous year (€70.6 billion). Net income for the year (€5.4 billion), the effect of comprehensive income recognized directly in equity (minus €1.2 billion, including €0.1 billion in translation adjustments), capital increases subscribed by employees under the Link plan and the exercise of stock options (€0.1 billion) and the change in consolidation method for several entities due to the acquisition of a controlling interest (€10.1 billion), were partially offset by the payment of dividends (-€4.5 billion), including €1.7 billion in one-off dividends paid to the former shareholders of International Power, and the repurchase of share (-€0.3 billion).

6.1.2.2 Borrowing conditions and financing structure applicable to the issuer

Debt structure

Gross debt (excluding bank overdrafts, financial derivative instruments and amortized cost) amounted to €53.3 billion on December 31, 2011, an increase of €9.3 billion compared with the previous year, and was primarily made up of €28.7 billion in bond issues and €16.8 billion in bank loans (including finance leases). Short-term loans (commercial paper plus draws on credit lines) accounted for 11.6% of this total gross debt at the end of 2011.

62% of the gross debt was issued on financial markets (bond issues and commercial paper).

Net debt, excluding amortized costs, effect of financial derivative instruments and cash collateral, came to €37.0 billion at the end of 2011.

At the end of 2011, net debt was 52% denominated in euro, 21% in US dollars and 6% in brasilian reals, excluding amortized cost but after the foreign exchange impact of derivatives.

After the impact of derivatives, 88% of the net debt was at a fixed rate. On December 31, 2011, the average cost of gross debt stood at 4.57%, unchanged from 2010. The average maturity of net debt was 11.2 years.

Main transactions in 2011

The takeover of International Power PLC ("International Power") became effective on February 3, 2011, increasing net debt by €6,317 million.

International Power's net debt at the acquisition date was €7.5 billion, including €2.0 billion in bonds and €5.5 billion in bank loans.

- The acquired debt of International Power in particular comprises three bonds convertible to shares of International Power, with the following features:
- a par value of $229 million (€177 million), maturing in 2023 with a coupon of 3.75%;
- a par value of €230 million, maturing in 2013 with a coupon of 3.25%;
- a par value of €700 million, maturing in 2015 with a coupon of 4.75%.

In March 2011, GDF SUEZ carried out a bond issue for €300 million with a 100-year maturity and a coupon of 5.95%.

In March 2011, the Group signed a multi-currency, 5-year line of credit for €4.5 billion (with two options of extending by one year) for early refinancing of undrawn credit lines expiring in 2012.

In May 2011, SUEZ Environnement Company launched a combined intermediated buyback and exchange transaction on bonds maturing in 2014, which were issued in 2009 and carry a fixed coupon of 4.875%. The aim of this transaction was not only to refinance part of the bond issue maturing in 2014, but also to extend the average maturity of the debt held by SUEZ Environnement. At the end of the process, €338 million in 2014 bonds had been repurchased and exchanged as part of a 10-year bond issue for €500 million in total, carrying a fixed coupon of 4.078%, with a supplemental issue in September for €250 million.

In October 2011, GDF SUEZ issued a 6-year bond for CHF300 million, converted into euro at a fixed rate of 2.99%.

In November 2011, GDF SUEZ issued two bonds, the first for €1 billion with a coupon of 3.125%, maturing in January 2010, and the second for £400 million, maturing in October 2060, swapped at a fixed euro rate of 4.7%. These two issues enabled the refinancing,

(1) *Assuming average weather conditions, full pass trough of supply costs in French regulated gas tariffs, no other significant regulatory and macro economic changes. Assuming no change in accounting principles compared to 2011. Indicative 2015 EBITDA of €21 billion. Vs target of EBITDA 2013 > €20 billion and vs target of 2013≥ EPS 2012 announced on March 3, 2011.*

(2) *Vs €11 billion over 2011-2013 announced on March 3, 2011.*

as part of an exchange offer, of €157 million of bonds maturing in February 2013, €355 million of bonds maturing in January 2014 and €88 million of bonds carried by Belgelec, maturing in June 2015.

In November 2011, SUEZ Environnement issued bonds for £250 million, maturing in December 2030 and carrying a coupon of 5.375%.

On September 9, 2011, the annual update of the prospectus for GDF SUEZ's €25 billion EMTN program received approval No. 11-406 from the *Autorité des Marchés Financiers* (AMF - financial markets authority).

Ratings

Since February 2011, GDF SUEZ has been rated A/A-1 with a stable outlook by Standard & Poor's, and A1/P-1 with a stable outlook by Moody's.

6.1.2.3 Restrictions on the use of capital

On December 31, 2011, the Group had total undrawn confirmed credit lines (usable, among other things, as back-up lines for the commercial paper programs) of €15.1 billion. Of these lines, 77% are managed in a pooled fashion and are not subject to any credit ratio or credit rating. The counterparties of these lines are well diversified, with no single counterparty holding more than 7% of the total of these pooled lines. No pooled credit facility was in use at the end of 2011.

Furthermore, the Group has set up credit lines in some subsidiaries, for which the documentation includes ratios related to their financial standing. These lines of credit are not guaranteed by GDF SUEZ SA or GIE 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, 2011, there was no default of payment on the Group's consolidated debt. All the companies in the Group are compliant with the covenants and representations appearing in their financial documentation, with the exception of the following:

- a company in the SUEZ Environnement group that failed to comply with a financial covenant;
- a company in the Energy Europe & International business line that failed to comply with a technical covenant.

No default has been claimed by the counterparties; waivers are currently being discussed or already granted, and these defaults have no impact on the lines accessible to the Group.

6.1.2.4 Expected sources on financing to honor commitments relative to investment decisions

The Group believes that its funding needs will be covered by available cash and the possible use of its existing credit facilities. However, it may call upon the capital markets on an ad hoc basis.

If necessary, specific financing could be established for very specific projects.

The Group has a total of €6.7 billion in credit lines or loans expiring in 2012 (excluding the maturity of €4.1 billion in commercial paper). In addition, at December 31, 2011 it had €15.9 billion in cash (net of bank overdrafts) and, as mentioned in section 6.1.2.3, a total of €15.1 billion in available lines (not net of the amount of commercial paper issued), including €1.2 billion expiring in 2012.

6.2 CONSOLIDATED FINANCIAL STATEMENTS

6.2.1 CONSOLIDATED FINANCIAL STATEMENTS

Statements of financial position

Assets

In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2010 (1)	Jan. 1, 2010 (1)
Non-current assets				
Intangible assets, net	10	13,226	12,780	11,420
Goodwill	9	31,362	27,933	28,355
Property, plant and equipment, net	11	90,120	78,703	69,665
Available-for-sale securities	14	3,299	3,252	3,563
Loans and receivables at amortized cost	14	3,813	2,794	2,426
Derivative instruments	14	2,911	2,532	1,927
Investments in associates	12	2,619	1,980	2,176
Other non-current assets		1,173	1,440	1,696
Deferred tax assets	7	1,379	1,909	1,659
TOTAL NON-CURRENT ASSETS		**149,902**	**133,323**	**122,886**
Current assets				
Loans and receivables at amortized cost	14	1,311	1,032	947
Derivative instruments	14	5,312	5,739	7,405
Trade and other receivables, net	14	23,135	20,501	18,915
Inventories		5,435	3,870	3,947
Other current assets		9,455	6,957	5,094
Financial assets at fair value through income	14	2,885	1,713	1,680
Cash and cash equivalents	14	14,675	11,296	10,324
Assets held for sale	2	1,298	0	0
TOTAL CURRENT ASSETS		**63,508**	**51,108**	**48,312**
TOTAL ASSETS		**213,410**	**184,430**	**171,198**

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.

(1) Restated data at December 31, 2010 and December 31, 2009. See Note 1.2.

Liabilities

In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2010 [(1)]	Jan. 1, 2010 [(1)]
Shareholders' equity		62,930	62,114	60,194
Non-controlling interests		17,340	8,513	5,241
TOTAL EQUITY	16	80,270	70,627	65,436
Non-current liabilities				
Provisions	17	14,431	12,989	12,790
Long-term borrowings	14	43,375	38,179	32,155
Derivative instruments	14	3,310	2,104	1,792
Other financial liabilities	14	684	780	911
Other non-current liabilities		2,202	2,342	2,489
Deferred tax liabilities	7	13,038	12,437	11,856
TOTAL NON-CURRENT LIABILITIES		77,040	68,830	61,993
Current liabilities				
Provisions	17	1,751	1,480	1,263
Short-term borrowings	14	13,213	9,059	10,117
Derivative instruments	14	5,185	5,738	7,170
Trade and other payables	14	18,387	14,835	12,887
Other current liabilities		16,738	13,861	12,332
Liabilities directly related to assets held for sale	2	827	0	0
TOTAL CURRENT LIABILITIES		56,100	44,973	43,769
TOTAL EQUITY AND LIABILITIES		**213,410**	**184,430**	**171,198**

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.

(1) Restated data at December 31, 2010 and December 31, 2009. See Note 1.2.

Income statements

In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2010
Revenues		90,673	84,478
Purchases		(46,695)	(44,672)
Personnel costs		(12,775)	(11,755)
Depreciation, amortization and provisions		(7,115)	(5,899)
Other operating expenses		(17,226)	(14,381)
Other operating income		2,116	1,025
CURRENT OPERATING INCOME	4	**8,978**	**8,795**
Mark-to-market on commodity contracts other than trading instruments		(105)	(106)
Impairment of property, plant and equipment, intangible assets and financial assets		(532)	(1,468)
Restructuring costs		(189)	(206)
Changes in scope of consolidation		1,514	1,185
Other non-recurring items		18	1,297
INCOME FROM OPERATING ACTIVITIES	5	**9,684**	**9,497**
Financial expenses		(3,383)	(2,810)
Financial income		778	589
NET FINANCIAL LOSS	6	**(2,606)**	**(2,222)**
Income tax expense	7	(2,119)	(1,913)
Share in net income of associates	12	462	264
NET INCOME		**5,420**	**5,626**
Net income Group share		4,003	4,616
Non-controlling interests		1,418	1,010
EARNINGS PER SHARE *(EUROS)*	8	**1.8**	**2.1**
DILUTED EARNINGS PER SHARE *(EUROS)*	8	**1.8**	**2.1**

Statements of comprehensive income

In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2011 Group share	Dec. 31, 2011 Non-controlling interests	Dec. 31, 2010	Dec. 31, 2010 Group share	Dec. 31, 2010 Non-controlling interests
NET INCOME		**5,420**	**4,003**	**1,418**	**5,626**	**4,616**	**1,010**
Available-for-sale financial assets	14	(495)	(448)	(47)	(126)	(119)	(7)
Net investment hedges		(70)	(58)	(12)	(106)	(63)	(43)
Cash flow hedges (excl. commodity instruments)	15	(214)	(139)	(75)	(16)	11	(27)
Commodity cash flow hedges	15	317	327	(10)	457	445	12
Deferred tax on items above	7	(68)	(87)	19	(137)	(144)	8
Share of associates in recyclable items, net of taxes		(281)	(185)	(96)	45	48	(3)
Translation adjustments		115	100	15	1,147	877	270
TOTAL RECYCLABLE ITEMS		(697)	(491)	(207)	1,265	1,054	210
Actuarial gains and losses		(755)	(639)	(116)	(500)	(479)	(21)
Deferred tax on actuarial gains and losses		248	207	41	157	149	9
Share of associates in non-recyclable items and actuarial gains and losses, net of taxes		46	46	0	(14)	(14)	(0)
TOTAL NON-RECYCLABLE ITEMS		(461)	(386)	(75)	(356)	(344)	(12)
TOTAL COMPREHENSIVE INCOME		**4,262**	**3,126**	**1,136**	**6,535**	**5,326**	**1,208**

Statements of changes in equity

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Conso-lidated reserves	Fair value adjustments and other	Translation adjustments	Treasury stock	Share-holders' equity	Non-controlling interests	Total equity
EQUITY AT DECEMBER 31, 2009	**2,260,976,267**	**2,261**	**30,590**	**28,810**	**623**	**(355)**	**(1,644)**	**60,285**	**5,241**	**65,527**
Correction of prior-period error – see Note 1,2				(91)				(91)		(91)
RESTATED EQUITY AT JANUARY 1, 2010	**2,260,976,267**	**2,261**	**30,590**	**28,720**	**623**	**(355)**	**(1,644)**	**60,195**	**5,241**	**65,436**
Net income				4,616				4,616	1,010	5,626
Other comprehensive income				(344)	177	877		710	198	909
Total comprehensive income				**4,272**	**177**	**877**		**5,326**	**1,208**	**6,535**
Employee share issues and share-based payment	26,217,490	26	471	120				617		617
Cash dividends paid				(3,330)				(3,330)	(581)	(3,911)
Acquisitions/disposals of treasury stock				(55)			(436)	(491)		(491)
Transactions between owners				(190)				(190)	(21)	(211)
Business combinations									1,658	1,658
Issuance of deeply-subordinated notes									745	745
Cancelation of treasury stock	(36,898,000)	(37)	(1,378)				1,415			
Other changes				(12)				(12)	261	249
RESTATED EQUITY AT DECEMBER 31, 2010	**2,250,295,757**	**2,250**	**29,683**	**29,524**	**800**	**522**	**(665)**	**62,114**	**8,513**	**70,627**

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Fair value adjustments and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total equity
RESTATED EQUITY AT JANUARY 1, 2011	**2,250,295,757**	**2,250**	**29,683**	**29,524**	**800**	**522**	**(665)**	**62,114**	**8,513**	**70,627**
Net income				4,003				4,003	1,418	5,420
Other comprehensive income				(386)	(590)	99		(877)	(282)	(1,158)
Total comprehensive income				**3,617**	**(590)**	**99**		**3,126**	**1,136**	**4,262**
Employee share issues and share-based payment	2,340,451	2	33	122				157	12	169
Cash dividends paid				(3,328)				(3,328)	(1,033)	(4,361)
Acquisitions/disposals of treasury stock				(97)			(264)	(362)		(362)
Business combinations (International Power – see Note 2)				302	28	(175)		155	6,303	6,458
Transactions between owners (GRTgaz transaction – see Note 2)				167				167	923	1,090
Transactions between owners (disposal of a 30% non-controlling interest in the Group's Exploration & Production business to CIC – see Note 2)				938	1	1		940	1,341	2,281
Other transactions between owners				(11)				(11)	(25)	(36)
Share capital increases subscribed by non-controlling interests									217	217
SUEZ Environnement: stock dividends, change in treasury stock (Suez Environnement Company) and the "Sharing" employee shareholding plan				(2)				(2)	(33)	(35)
Other changes				(25)				(25)	(14)	(39)
EQUITY AT DECEMBER 31, 2011	**2,252,636,208**	**2,253**	**29,716**	**31,205**	**240**	**447**	**(930)**	**62,931**	**17,340**	**80,270**

Statements of cash flows

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
NET INCOME	5,420	5,626
- Share in net income of associates	(462)	(264)
+ Dividends received from associates	265	273
- Net depreciation, amortization and provisions	7,431	7,331
- Impact of changes in scope of consolidation, other non-recurring items	(1,497)	(2,592)
- Mark-to-market on commodity contracts other than trading instruments	105	106
- Other items with no cash impact	130	121
- Income tax expense	2,119	1,913
- Net financial loss	2,606	2,222
Cash generated from operations before income tax and working capital requirements	**16,117**	**14,736**
+ Tax paid	(1,853)	(2,146)
Change in working capital requirements	**(426)**	**(258)**
CASH FLOW FROM OPERATING ACTIVITIES	13,838	12,332
Acquisitions of property, plant and equipment and intangible assets	(8,898)	(9,292)
Acquisitions of controlling interests in entities net of cash and cash equivalents acquired *	(1,745)	(737)
Acquisitions of investments in associates and joint ventures	(119)	(139)
Acquisitions of available-for-sale securities	(258)	(510)
Disposals of property, plant and equipment and intangible assets	167	405
Disposals of entities/loss of control net of cash and cash equivalents sold	1,024	412
Disposals of investments in associates and joint ventures	1,570	1,239
Disposals of available-for-sale securities	76	847
Interest received on non-current financial assets	81	39
Dividends received on non-current financial assets	138	128
Change in loans and receivables originated by the Group and other	60	(176)
CASH FLOW USED IN INVESTING ACTIVITIES	(7,905)	(7,783)
Dividends paid	(4,363)	(3,918)
Repayment of borrowings and debt	(6,517)	(7,424)
Change in financial assets at fair value through income	(1,146)	16
Interest paid	(1,977)	(1,565)
Interest received on cash and cash equivalents	212	141
Increase in borrowings and debt	8,114	8,709
Increase/decrease in capital	569	563
Acquisitions/disposals of treasury stock	(362)	(491)
Issuance of deeply-subordinated notes by SUEZ Environnement		742
Changes in ownership interests in controlled entities	2,974	(455)
CASH FLOW USED IN FINANCING ACTIVITIES	(2,496)	(3,683)
Effect of changes in exchange rates and other	(58)	106
TOTAL CASH FLOW FOR THE PERIOD	**3,379**	**972**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**11,296**	**10,324**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**14,675**	**11,296**

* *Including the impact of the acquisition of International Power plc presented in Note 2,1.*

6.2.2 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 1 place Samuel de Champlain, 92400 Courbevoie (France).

GDF SUEZ shares are listed on the Paris, Brussels and Luxembourg stock exchanges.

The Group 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 satisfying energy needs, safeguarding supplies, combating climate change and optimizing the use of resources.

On February 8, 2012, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2011.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

Pursuant to European Regulation (EC) 809/2004 on prospectuses 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, 2010 and 2011). This information was 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, 2011 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by the European Union [(1)].

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2011 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2010, except for those described in sections 1.1.1 and 1.1.2 below.

1.1.1 IFRS standards, amendments and IFRIC interpretations applicable in 2011

- IAS 24 revised – *Related Party Disclosures*: In 2010, the Group early adopted some provisions of IAS 24 revised regarding exemptions to disclosures by government-related entities. The new definition of a related party introduced in the revised standard effective for the first time in 2011 has no impact on the scope of the Group's related parties at December 31, 2011. However, additional disclosures are required in respect of commitments with related parties (see Note 24).
- Amendment to IAS 32 – *Classification of Rights Issues*.
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*.
- Amendment to IFRIC 14 – *Prepaid Voluntary Contributions*.
- Improvements to IFRS 2010.

These amendments and interpretations have no material impact on the Group's consolidated financial statements for the year ended December 31, 2011.

1.1.2 Amendment effective after 2011 that the Group has elected to early adopt in 2011

- Amendment to IAS 1 – *Presentation of items of Other Comprehensive Income* [(2)]: The Group decided to early adopt this amendment which, although not yet endorsed by the European Union, provides useful information which is compliant with current IAS 1. Accordingly, elements of other comprehensive income that will be subsequently "recycled" in profit and loss are presented separately from those that will not.

1.1.3 IFRS standards, amendments and IFRIC interpretations effective after 2011 that the Group has elected not to early adopt in 2011

Standards and amendments applicable in 2012

- Amendments to IAS 12 – *Deferred Tax: Recovery of Underlying Assets* [(2)].
- Amendments to IFRS 7 – *Disclosures: Transfers of Financial Assets*.

(1) Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

(2) These standards and interpretations have not yet been adopted by the European Union.

Standards and amendments applicable in 2013

- IFRS 10 – *Consolidated Financial Statements* [1].
- IFRS 11 – *Joint Arrangements* [1].
- IFRS 12 – *Disclosure of Interests in Other Entities* [1].
- Amendment to IAS 28 – *Investments in Associates and Joint Ventures* [1].
- IFRS 13 – *Fair Value Measurement* [1].
- Amendments to IAS 19 – *Employee Benefits* [1].
- Amendments to IFRS 7 – *Disclosures -Offsetting financial assets and financial liabilities* [1].

Amendments applicable in 2014

- Amendments to IAS 32 – *Offsetting financial assets and financial liabilities* [2].

Standard applicable in 2015

- IFRS 9 – *Financial Instruments: Classification and Measurement* [1].

The impact resulting from the application of these standards and amendments is currently being assessed.

1.1.4 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 Restatements of the 2010 consolidated financial statements in accordance with IAS 8

During the six months ended June 30, 2011, an error was discovered in the computation of the "gas in the meter" receivable accounted for in the Energy – France segment. This error is due to the use of an incomplete model and certain incorrect calculation parameters. As most of the cumulative impact of this error originated before July 22, 2008 (date of the merger of Gaz de France and SUEZ) the fair value of assets acquired in this transaction and hence the related goodwill have been restated, the cost of the business combination remaining unchanged. Accordingly, the comparative amounts at January 1, 2010 and for the year ended December 31, 2010 reported in "Goodwill", "Trade and other receivables", "Deferred tax assets", "Other liabilities" and "Equity" have been respectively restated for +€366 million, -€833 million, +€240 million, -€137 million and -€91 million. As the impact of this error on 2010 comparative income statement information and on the key indicators of the Energy – France segment was not material, neither the income statement for the year ended December 31, 2010 nor the indicators for Energy – France were restated. Accordingly, basic and diluted earnings per share have not been restated for the periods presented. 2009 and 2008 income was not materially impacted either.

Beginning the first half of the 2011 exercice, appropriate measures were implemented to make the "gas in the meter" computation model in the Energy – France segment more reliable and to reinforce internal control accordingly.

This error had no impact whatsoever on amounts billed to the 10,1 million customers in France.

1.3 Measurement and presentation 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.

Assets or disposal groups held for sale

In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", assets or group of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable within one year from the date of classification, management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated.

1.4 Use of estimates and judgment

As a result of the financial crisis which has been raging over the past months, the Group has strengthened its risk management procedures and now includes an assessment of risk – in particular counterparty risk – in the measurement of its financial instruments. The severe market volatility caused by the crisis has been taken into account by the Group in the estimates made such as for its business plans and, when relevant, in the various discount rates used in impairment testing and computing provisions.

1.4.1 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 reporting date, as well as 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 key estimates used in preparing the Group's consolidated financial statements relate mainly to:

- measurement of the fair value of assets acquired and liabilities assumed in a business combination;

(1) *These standards and interpretations have not yet been adopted by the European Union.*

- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (see sections 1.5.4 and 1.5.5);
- measurement of provisions, particularly for nuclear waste processing and storage, dismantling obligations, disputes, pensions and other employee benefits (see section 1.5.15);
- financial instruments (see section 1.5.11);
- measurement of revenues not yet metered, so called un-metered revenues;
- measurement of recognized tax loss carry-forwards.

1.4.1.1 Measurement of the fair value of assets acquired and liabilities assumed in a business combination

The key assumptions and estimates used to determine the fair value of assets acquired and liabilities assumed include the market outlook for the measurement of future cash flows, and the applicable discount rate.

These assumptions reflect management's best estimates.

1.4.1.2 Recoverable amount of goodwill, 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 – whose sensitivity varies depending on the activity – for the measurement of cash flows, and the applicable discount rate. 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.

1.4.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to the back-end of nuclear fuel cycle and to the dismantling of nuclear facilities, as those relating to the dismantling for gas infrastructures in France, include:

- cost forecasts (notably the retained scenario for reprocessing and storage of radioactive nuclear fuel consumed);
- the timing of expenditure (notably, for nuclear power generation activities, the timetable for reprocessing of radioactive spent nuclear fuel and for dismantling facilities as well as, regarding the gas infrastructure businesses in France, the timetable for the end of gas operations); and
- the discount rate applied to cash flows.

These parameters are based on information and estimates deemed to be appropriate by the Group at the current time.

The modification of certain parameters could involve a significant adjustment of these provisions. However, 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.

1.4.1.4 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.

1.4.1.5 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.

1.4.1.6 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 reporting date based on historical data, consumption statistics and estimated selling prices. For sales on networks used by a large 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 direct method taking into account estimated customers consumption since the last metering not yet billed. These estimates are in line with the volume of energy allocated by the grid managers on the same period. The average price is used to measure the "gas in the meter". 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.

1.4.1.7 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 and, if necessary, on the basis of additional forecasts.

1.4.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with the related accounting issues.

In particular, the Group exercised its judgment in determining the accounting treatment applicable to concession contracts, the classification of arrangements which contain a lease, the recognition of acquisitions of non-controlling interests prior to January 1, 2010 and the identification of electricity and gas 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 reporting date are classified as current, while all other items are classified as non-current.

1.5 Significant accounting policies

1.5.1 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.

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.

1.5.2 Foreign currency translation methods

1.5.2.1 Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in euros (€).

1.5.2.2 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.

1.5.2.3 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 reporting 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.

1.5.2.4 Translation of the financial statements of subsidiaries with a functional currency other than the euro (the presentation currency)

The statements 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.

1.5.3 Business combinations

Business combinations carried out prior to January 1, 2010 have been accounted for in accordance with IFRS 3 prior to the revision. In accordance with IFRS 3 revised, these business combinations have not been restated.

Since January 1, 2010, the Group applied the purchase method as defined in IFRS 3 revised, which consists in recognizing the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date, as well as any non-controlling interest in the acquiree. Non-controlling interests are measured either at fair value or at the entity's proportionate interest in the net identifiable assets of the acquiree. The Group determines on a case-by-case basis which measurement option to be used to recognize non controlling interests.

1.5.4 Intangible assets

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

1.5.4.1 Goodwill

Recognition of goodwill

Due to the application of IFRS 3 revised at January 1, 2010, the Group is required to separately identify business combinations carried out before or after this date.

Business combinations carried out prior to January 1, 2010

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 acquiree's 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.

Business combinations carried out after January 1, 2010

Goodwill is measured as the excess of the aggregate of:

(i) the consideration transferred;

(ii) the amount of any non-controlling interests in the acquiree; and

(iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;

over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

The amount of goodwill recognized at the acquisition date cannot be adjusted after the end of the measurement period.

Goodwill relating to interests in 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 1.5.8 "Impairment 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".

1.5.4.2 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 estimated future economic benefits embodied in the asset. Amortization is calculated mainly on a straight-line basis over the following useful lives (in years):

	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.

1.5.5 Property, plant and equipment

1.5.5.1 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, 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 plus regasification, transportation and injection costs.

1.5.5.2 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 mainly 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 plant and equipment	20	65
• Environment	2	70
Other property, plant and equipment	2	33

* *Excluding cushion gas.*

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.

1.5.6 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:

- sufficient reserves have been 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 and economically viable. This progress is assessed based on criteria such as whether 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 known as "successful efforts" method, when the exploratory phase has resulted in proven, 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.

1.5.7 Concession arrangements

SIC 29 – *Service Concession Arrangements: Disclosures* prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and concession operator, while IFRIC 12 deals with the 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 acquisition 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 do 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, most of which are renewed upon expiration pursuant to French law No. 46-628 of April 8, 1946.

1.5.8 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 reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under “Impairment”.

1.5.9 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.

1.5.9.1 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.

1.5.9.2 Accounting for operating leases

Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

1.5.9.3 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.

1.5.10 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 the section on 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.

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.

1.5.11 Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

1.5.11.1 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. Financial assets are broken down into current and non-current assets in the consolidated statement of financial position.

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). Cost is determined using the weighted average cost formula.

These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost plus transaction costs.

At each reporting date, available-for-sale securities are measured at fair value. For listed securities, fair value is determined based on the quoted market price at the reporting date. For unlisted securities, fair value is measured using valuation models based primarily on recent market transactions, discounted dividends and future cash flows or net asset value. 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 loss to be recognized. 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 carried at amortized cost

This item primarily includes loans and advances to associates or non-consolidated companies, guarantee deposits, trade and other receivables.

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 1.5.12). 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.

1.5.11.2 Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments 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 after the reporting 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 reporting 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 non-controlling interests

Other financial liabilities primarily include put options granted by the Group in respect of non-controlling interests.

Put options on non-controlling interests granted prior to January 1, 2010

As no specific guidance is provided by IFRS, and based on recommendations issued by the AMF for the 2009 reporting period, the Group decided to continue accounting for instruments recognized prior to January 1, 2010 using its previous accounting policies:

- 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 non-controlling interests. When the value of the put option is greater than the carrying amount of the non-controlling interests, the difference is recognized as goodwill;
- at each reporting 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 non-controlling interests result in an increase in goodwill;
- in the consolidated income statement, non-controlling interests are allocated their share in income. In the consolidated statement of financial position, the share in income allocated to non-controlling 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.

1.5.11.3 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. The 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 and gas 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 other comprehensive income. 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 other comprehensive income, 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 expected to occur, 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 other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in other comprehensive income 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 instruments listed 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 data 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 the fair value hierarchy except when the evaluation is based mainly on data that are not observable; in this case they are presented in level 3 of the fair value hierarchy. Most often, this is the case for derivatives with a maturity that falls outside the observability period for market data relating to the underlying or when some parameters such as the volatility of the underlying are not observable.

1.5.12 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”.

1.5.13 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.

1.5.14 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

1.5.14.1 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.

1.5.14.2 Shares and Performance 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.

A Monte Carlo pricing model is used for Performance Shares granted on a discretionary basis and subject to external performance criteria.

1.5.14.3 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 the discount awarded to employees and the 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 are taken to income for each period.

1.5.15 Provisions

1.5.15.1 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 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 in 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.

1.5.15.2 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.

1.5.16 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.

1.5.16.1 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.

Part of the price received by the Group under certain long-term energy sales contracts may be fixed rather than being based on volumes. In rare cases, the fixed amount can change over the term of the contract. In accordance with IAS 18, revenues from such components 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.

1.5.16.2 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.

1.5.16.3 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 finance lease receivables (IFRIC 4).

1.5.17 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 mark-to-market on commodity contracts other than trading instruments, asset impairment, restructuring costs, changes in the scope of consolidation and other non-recurring items, and are defined as follows:

- 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;
- impairment includes impairment losses on non-current assets;
- 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;
- changes in the scope of consolidation.

  This line includes:

  - costs related to acquisitions of controlling interests,
  - in the event of a business combination achieved in stages, impacts of the remeasurement of the previously held equity interest at acquisition-date fair value,
  - subsequent changes in the fair value of contingent consideration;
  - gains or losses from disposals of investments which result in a change in consolidation method, as well as any impact of the remeasurement of retained interests.

- Other non-recurring items notably include capital gains and losses on disposals of non-current assets and available-for-sale securities.

1.5.18 Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method starting from net income.

"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 on 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 consolidated statement of cash flows.

1.5.19 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 reporting 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 reporting 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.

1.5.20 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 Main acquisitions in the year ended December 31, 2011

2.1.1 Acquisition of International Power plc

2.1.1.1 Description of the combination

The acquisition of International Power Plc ("International Power") by GDF SUEZ, publicly announced on August 10, 2010, was completed on February 3, 2011.

The main stages of this business combination were as follows:

- **August 10, 2010:** the Boards of GDF SUEZ and International Power entered into a Memorandum of Understanding detailing the main terms and conditions of the proposed combination of International Power and GDF SUEZ's Energy International business areas (outside Europe), along with certain assets in the United Kingdom and Turkey (collectively, "GDF SUEZ Energy International");
- **October 13, 2010:** GDF SUEZ, Electrabel and International Power signed the Merger Deed and the other main agreements governing the relationship between GDF SUEZ and the new International Power group following the combination;
- **December 16, 2010:** the General Shareholders' Meeting of International Power approved the combination with GDF SUEZ Energy International;
- **February 3, 2011:** GDF SUEZ completed its acquisition of International Power, having met all conditions precedent. These included approval from certain regulatory or competition authorities, some reorganizational measures concerning the corporate structure and the scope of the assets and business contributed, and admission of the new International Power shares to listing on the Official List of the UK Listing Authority (UKLA) and to trading on the London Stock Exchange's main market.

The acquisition of International Power took the form of a contribution by GDF SUEZ of GDF SUEZ Energy International to International Power, in exchange for 3,554,347,956 new ordinary International Power shares issued on February 3, 2011.

As part of the contribution and in accordance with the Merger Deed, GDF SUEZ reorganized the corporate structure and scope of the assets and business contributed. GDF SUEZ also made equity contributions of €5,277 million and GBP 1,413 million (€1,659 million) to GDF SUEZ Energy International entities. On February 25, 2011, the entire sum of the GBP 1,413 million (€1,659 million) capital increase was used to finance a special dividend of GBP 0.92 per share, which was paid to shareholders – excluding holders of new ordinary shares – listed on the Company's share register on February 11, 2011, the record date.

As a result of this combination, GDF SUEZ holds 69.78% of the voting rights of the International Power group.

The combination of International Power and GDF SUEZ Energy International creates a global leader in independent power generation. This will accelerate GDF SUEZ's industrial development and strengthen its international presence in the United States and United Kingdom, as well as in high-growth markets such as the Middle East and Asia.

International Power is fully consolidated in the Group's financial statements with effect from February 3, 2011.

As part of obtaining regulatory clearance from the European Commission, on May 18, 2011 International Power entered into an agreement with Itochu concerning the sale of its interest in the T-Power project in Belgium. The purpose of the T-Power project is to build and operate a 420 MW combined cycle gas turbine facility.

2.1.1.2 Fair value of consideration transferred

The fair value of the consideration transferred to acquire 69.78% of International Power was calculated based on the price of International Power shares on February 3, 2011, the date of the business combination. The fair value transferred amounted to €5,130 million, corresponding to the 1,073 million International Power shares acquired (*i.e.*, 69.78% of existing International Power shares prior to the transaction) multiplied by the February 3 share price of GBP 4.08 per share (1 GBP = €1.17).

2.1.1.3 Impact of the acquisition on the consolidated financial statements

The Group elected to measure non-controlling interests at fair value. The fair value of the non-controlling interests corresponding to the 30.22% of International Power shares that are not held by the Group was calculated based on the price of International Power shares on February 3, 2011. Investments held by third parties in subsidiaries acquired from International Power are measured either based on the discounted future cash flow method or the discounted dividend model.

For the merchant entities, the fair value of plants was determined based on market assumptions available at the acquisition date concerning the price of electricity and fuel, as well as long-term assumptions reflecting the expected trends in the price of raw materials. For entities with contracted plants, the fair value was calculated based on existing business plans and forecasts at the acquisition date. The discount rates applied were based on the specific characteristics of the operating entities concerned.

Prior to the acquisition, GDF SUEZ and International Power held 30% and 40%, respectively, of Middle Eastern entity Hidd Power Company. Hidd Power Company was previously accounted for using the equity method in the consolidated financial statements of both GDF SUEZ and International Power. Following the acquisition of International Power, the Group obtained control of Hidd Power Company (see Note 2.3).

At December 31, 2011, the final accounting for the business combination had been completed.

The following table shows the fair values assigned to the identifiable assets and liabilities of International Power (including Hidd Power Company) at the acquisition date:

In millions of euros	Total
Non-current assets	
Intangible assets, net	430
Property, plant and equipment, net	10,941
Available-for-sale securities	121
Loans and receivables at amortized cost	1,265
Derivative instruments	87
Investments in associates	1,158
Other non-current assets	89
Deferred tax assets	38
TOTAL NON-CURRENT ASSETS	14,129
Current assets	
Loans and receivables at amortized cost	109
Derivative instruments	31
Trade and other receivables, and other assets	1,081
Inventories	334
Cash and cash equivalents	1,232
TOTAL CURRENT ASSETS	2,787
Non-current liabilities	
Provisions	116
Long-term borrowings	7,451
Derivative instruments	152
Other non-current liabilities	132
Deferred tax liabilities	1,034
TOTAL NON-CURRENT LIABILITIES	8,885
Current liabilities	
Provisions	230
Short-term borrowings	669
Derivative instruments	608
Trade and other payables, and other liabilities	1,228
TOTAL CURRENT LIABILITIES	2,735
TOTAL NET ASSETS (100%)	**5,296**
Purchase consideration transferred	5,130
Remeasurement of previously-held equity interest in Hidd Power Company	32
Unwinding of the foreign currency derivatives hedging the special dividend	23
Non-controlling interests	2,932
GOODWILL	2,822

Goodwill amounting to €2,822 million mainly reflects expected operating synergies (optimization of central and regional costs, streamlining of purchases and maintenance agreements) and financial synergies (refinancing certain borrowings to benefit from the lower financing costs applicable to the new Group).

This acquisition resulted in a €6,458 million increase in equity, of which €6,303 million related to non-controlling interests. The remaining €155 million impact on shareholders' equity reflects the 30% dilution of the Group's interest in GDF SUEZ Energy International as a result of the acquisition of a 69.78% controlling interest in International Power.

This transaction was completed in February 2011 and had a net negative impact of €427 million on the Group's cash flows, which breaks down as:

- cash and cash equivalents acquired at the acquisition date: €1,232 million;
- payment of a special dividend: €(1,659) million.

Acquisition-related costs totaled €64 million and are shown on the "Changes in scope of consolidation" line in the income statement. Most of these costs were recognized in the second half of 2010.

The contribution of entities acquired from International Power to revenues, current operating income and net income Group share for the year to December 31, 2011 amounted to €4,050 million, €590 million and €208 million, respectively.

If the acquisition had taken place on January 1, 2011, the contribution to revenues and net income Group share would have been €334 million and €74 million, respectively.

2.1.2 Completion of the agreement with Acea Spa concerning the termination of the partnership between the two groups for energy activities in Italy

The agreement dated December 16, 2010 terminated the partnership and shareholder agreement between the Group and Acea concerning energy activities in Italy. It came into effect during the first quarter of 2011, after having met all conditions precedent.

In 2010, the AceaElectrabel group's activities were jointly controlled by GDF SUEZ and Acea and were therefore proportionately consolidated in the Group's financial statements.

Pursuant to the overall agreement entered into with Acea concerning the unwinding of cross-holdings, the parties conducted the following transactions:

- the Group acquired Acea's 50% interest in the capital of power production company Tirreno Power for €108 million, thereby raising the Group's interest in Tirreno Power from 35% to 50%. Tirreno Power is jointly held with Energia Italiana and continues to be consolidated using the proportionate method;
- the Group acquired control of the trading activities of AceaElectrabel Trading Spa (AET) by acquiring AceaElectrabel's interest in AET for an amount of €20 million. AET is now wholly owned by the Group;
- the Group sold its 40.59% interest in AceaElectrabel Elettricita (AEE), a company that markets gas and power in the municipality of Rome, to Acea for €57 million;
- following a spinoff by AceaElectrabel Produzione Spa (AEP), some of AEP's power production assets (hydroelectric production assets and two other power plants near Rome) were transferred to an entity wholly owned by Acea. In consideration of this transfer of assets amounting to €130 million, the Group acquired control of AEP, of which it now owns the entire share capital (following the spinoff) for a price of €76 million;
- the Group acquired pre-emptive rights over the hydroelectric assets transferred to Acea as well as over AEE for an amount of €9 million. Lastly, both groups bought back shareholder loans related to the unwinding transactions, which resulted in a net payment of €25 million to Acea.

Following the acquisition of the controlling interest in AEP and AET, the Group remeasured its previously-held interests in these entities in accordance with IFRS 3. The net impact of this remeasurement and disposal amounted to a negative €6 million and is presented under "Changes in scope of consolidation" within income from operating activities (see Note 5.4, "Changes in scope of consolidation").

At December 31, 2011, the accounting for the business combination had been completed.

The following table shows the fair values assigned to the identifiable assets and liabilities of AET, AEP and their subsidiaries, as well as the carrying amounts of Tirreno Power at December 31, 2011:

In millions of euros	Total
Non-current assets	
Intangible assets, net	97
Property, plant and equipment, net	1,354
Other non-current assets	58
TOTAL NON-CURRENT ASSETS	**1,509**
Current assets	
Trade and other receivables	646
Other current assets	162
Cash and cash equivalents	202
TOTAL CURRENT ASSETS	**1,010**
Non-current liabilities	
Provisions	37
Long-term borrowings	567
Other non-current liabilities	191
TOTAL NON-CURRENT LIABILITIES	**795**
Current liabilities	
Provisions	14
Short-term borrowings	458
Other current liabilities	597
TOTAL CURRENT LIABILITIES	**1,069**
TOTAL NET ASSETS (100%)	**654**

Taken as a whole, this transaction had a negative €226 million net impact on the Group's cash flows, which breaks down as:

- cash and cash equivalents acquired/sold at the acquisition date: €(174) million;
- net disbursements on acquisitions, sales of shares and net loan repayments: €(52) million.

Following the completion of all of the above transactions, the Group recognized a total of €83 million in goodwill.

For the year ended December 31, 2011, the positive impact of these changes in scope of consolidation on revenues and net income Group share amounted to €214 million and €15 million, respectively.

2.1.3 Acquisition of gas storage sites in Germany

On August 31, 2011, the Group acquired a controlling interest in BEB Speicher Gmbh ("BEB") and ExxonMobil Gasspeicher Deutschland Gmbh ("EMGSG").

These acquisitions were carried out by the Group's wholly-owned subsidiary Storengy Deutschland Infrastructures Gmbh through the following two transactions:

- acquisition of all of the shares of BEB from BEB Erdgas & Erdol Gmbh, a joint venture between Shell and ExxonMobil, for a consideration of €657 million;
- acquisition of all of the shares in EMGSG from Mobil Erdgas-Erdol Gmbh for a consideration of €258 million.

The acquired companies operate underground gas storage sites in Uelsen, Harsefeld, Lesum, Reitbrook and Schmidhausen. EMGSG also holds a 19.7% interest in the Breitbrunn-Eggstädt site.

This purchase consideration may be adjusted to reflect the outcome of negotiations currently in progress with the seller regarding BEB and EMGSG's working capital requirement and net debt at August 31, 2011. The consideration will be finalized at the end of February 2012.

At December 31, 2011, the accounting for the business combination was provisional; it will be finalized during the first half of 2012.

The table below shows the provisional fair values assigned to the identifiable assets and liabilities at the acquisition date:

In millions of euros	Total
Non-current assets	
Property, plant and equipment, net	403
Available-for-sale securities	38
TOTAL NON-CURRENT ASSETS	442
Current assets	
Trade and other receivables, inventories and other assets	25
Cash and cash equivalents	25
TOTAL CURRENT ASSETS	50
TOTAL ASSETS	492
Non-current liabilities	
Provisions	8
Deferred tax liabilities	87
TOTAL NON-CURRENT LIABILITIES	96
Current liabilities	
Trade and other payables, and other liabilities	47
TOTAL CURRENT LIABILITIES	47
TOTAL NET ASSETS (100%)	**349**
Purchase consideration transferred	915
GOODWILL	566

Provisional goodwill amounted to €566 million.

This transaction had a net impact of €890 million on the Group’s cash flows, breaking down as:

- cash and cash equivalents acquired at the acquisition date: €25 million;
- disbursements: €915 million.

Taking into account this transaction, the acquisition contributed €34 million to revenues and €7 million to net income Group share in the year ended December 31, 2011.

2.2 Other changes in scope of consolidation in 2011

In early 2011, the Group launched a "portfolio optimization" program aimed at slashing consolidated net debt by €10 billion over the period 2011-2013.

The disposals and entries of non-controlling shareholders carried out in 2011 within the scope of this program led to a €6,476 million reduction in net debt.

The table below shows the cumulative impact of the main disposals on the Group's financial statements at December 31, 2011:

In millions of euros	Disposal price	Reduction in net debt	Net gain (loss) on disposals and impact of changes in scope recognized in income	Impact recognized in shareholders' equity
Disposal of the interest in EFOG	631	(460)	355	-
Entry of a 30% non-controlling shareholder in Exploration & Production	2,491	(2,298)	-	940
Disposal of the interest in GDF SUEZ LNG Liquefaction	672	(579)	479	-
Entry of a 25% non-controlling shareholder in GRTgaz	810	(1,100)	-	167
Investments in electricity and gas distribution in Belgium	-	(723)	533	-
Disposal of G6 Rete Gas	402	(737)	(38)	-
Disposal of a 70% interest in Bristol Water	152	(386)	88	-
Disposal of Noverco	194	(194)	28	-
TOTAL	**5,352**	**(6,476)**	**1,446**	**1,107**

In addition to these disposals effective at December 31, 2011, the Group has recognized operations which are highly likely to be sold within a reasonable timeframe as "Non-current assets held for sale" and "Liabilities directly related to non-current assets held for sale".

The operations concerned are described in Note 2.3, "Assets held for sale". The reclassification of these operations in the statement of financial position results in a €596 million reduction in net debt.

2.2.1 Disposal of the Group's interest in EFOG

EFOG was a joint venture (proportionately consolidated) between GDF SUEZ (22.5%) and the operator Total E&P UK Limited (77.5%) which itself holds a 46.2% interest in the Elgin-Franklin natural gas and condensate fields in the British North Sea.

On December 31, 2011, the Group sold its 22.5% interest in EFOG to Total for a consideration of €631 million. The Group received a payment of €496 million corresponding to the consideration for the sale totaling €631 million less €135 million owed by the Group, with the Group's debt to EFOG transferred to Total as part of the transaction. The gain on disposal amounted to €355 million, including a negative amount of €20 million relating to the reclassification of translation adjustments carried in other comprehensive income to the income statement (see Note 5.4, "Changes in scope of consolidation").

EFOG's contribution to net income Group share amounted to €55 million in 2011 (before the impact of the disposal gain) and €76 million in 2010.

The Group's relationship with EFOG and its transactions with this related party in 2011 and 2010 are detailed in Note 24, "Related party transactions".

The disposal led to a €460 million reduction in consolidated net debt at December 31, 2011 (representing the payment of €496 million less cash and cash equivalents carried in EFOG's statement of financial position prior to the sale).

2.2.2 Entry of a 30% non-controlling shareholder in the Group's Exploration & Production business and disposal of the Group's interest in GDF SUEZ LNG Liquefaction

As part of the cooperation agreement signed in August 2011 with China Investment Corporation ("CIC"), GDF SUEZ and CIC entered into an agreement on October 31, 2011 for the sale of a 30% non-controlling interest in the Group's Exploration & Production business ("GDF SUEZ E&P") to CIC. Under the terms of this agreement, CIC will also acquire GDF SUEZ LNG Liquefaction which holds a 10% stake in the Atlantic LNG facility based in Trinidad and Tobago.

Prior to the transaction and in accordance with the purchase agreement of October 31, the Group carried out measures to restructure GDF SUEZ E&P International, or "EPI" (holding company for GDF SUEZ E&P) and reduce its net debt to USD 1 billion (€749 million).

The sales became effective on December 20, 2011, once the outstanding conditions precedent had been met. These included approval from certain regulatory authorities and measures to restructure EPI's net debt.

CIC acquired a 30% interest in the share capital of EPI for USD 3,257 million (€2,491 million) on December 20, 2011.

The Group retains exclusive control of GDF SUEZ E&P. As the sale relates to a non-controlling interest, the difference between the sale price and the carrying amount of the interest sold (€1,094 million), was recognized in shareholders' equity. Taking into account transaction fees, this transaction resulted in a net increase of €940 million in shareholders' equity. On completion of this transaction, CIC's non-controlling interest amounted to €1,341 million in the statement of financial position.

Also on December 20, the Group sold its interest in GDF SUEZ LNG Liquefaction for a consideration of USD 879 million (€672 million). This purchase consideration was also paid on December 20, 2011. The capital gain recognized in income on the sale of GDF SUEZ LNG Liquefaction amounted to €479 million (see Note 5.4, "Changes in scope of consolidation"), of which €418 million resulted from reclassifying to income translation adjustments and changes in the fair value of Atlantic LNG available-for-sale securities previously carried in other comprehensive income. Commitments made by the Group prior to the sale to purchase liquefied natural gas from Atlantic LNG remain in force.

Lastly, on December 21, 2011, EPI paid an interim dividend totaling €345 million to its shareholders, including €103 million to CIC.

2.2.3 Entry of a 25% non-controlling shareholder in GRTgas

On June 27, 2011, the Group and the public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts entered into a long-term partnership in natural gas transmission.

Pursuant to the investment agreement, the consortium acquired 25% of the share capital and voting rights of the Group's subsidiary GRTgaz, a natural gas transmission network operator in France, for a consideration of €1,110 million. On July 12, 2011, the Group received this amount through (i) the payment of €810 million for the acquisition of 9,782,609 shares representing 18.2% of the share capital and (ii) the subscription of 3,263,188 shares representing 6.8% of the share capital as part of a €300 million reserved capital increase.

Prior to these transactions, GRTgaz paid GDF SUEZ a special dividend of €805 million. GDF SUEZ also remains entitled to the GRTgaz dividend for 2010.

This transaction was effective on June 27, 2011, the date on which the investment agreement and the GRTgaz shareholders' agreement were signed and the conditions precedent were met. The Group retains exclusive control of GRTgaz.

As the sale relates to a non-controlling interest, the difference between the sale price and the carrying amount of the interest sold (€167 million), was recognized in shareholders' equity. On completion of this transaction, the public consortium's non-controlling interest amounted to €923 million in the statement of financial position.

2.2.4 Investments in electricity and gas distribution in Belgium

During the first half of 2011, various transactions were carried out in Flanders and Wallonia concerning the capital of the mixed inter-municipal electricity and gas distribution network operators in which Electrabel, a wholly-owned subsidiary, holds interests.

These transactions are in line with the previous agreements between the Group and the public sector as part of the process of deregulating the energy markets, as well as the intention of the European Union and Belgian legislature to give greater independence to transmission and distribution network operators.

In Flanders, share capital reductions were carried out in June 2011, immediately followed by share capital increases subscribed in full by the public sector. These changes reduced the Group's voting rights at General Shareholders' Meetings.

Further to these transactions, and given the specific context in Flanders, in particular the regional law that requires Electrabel to sell all of its interests in Flemish distribution network operators by 2018, the Group decided to irrevocably waive all representation in the management bodies of Eandis, the sole network operator, and to substantially reduce its voting rights in the decision-making bodies of the mixed inter-municipal companies. The provisions taken regarding governance impacted both Electrabel's representation on the Boards of Directors as well as its voting rights at General Shareholders' Meetings.

In view of these transactions, as of June 30, 2011 the Group no longer exercises significant influence over the Flemish mixed inter-municipal companies. Accordingly, the equity method is no longer applicable and the corresponding shares are presented in "Available-for-sale securities" in the consolidated financial statements for the year ended December 31, 2011. In accordance with the applicable standards, the residual interest was recognized at fair value. The difference between carrying amount and fair value (€425 million) was recognized in the income statement under "Changes in scope of consolidation" within income from operating activities.

In Wallonia, the Group sold 5% of its shares in the inter-municipal companies, bringing its interest to 25%. This sale resulted in a €83 million capital gain recognized in "Changes in scope of consolidation". In the second half of 2011, the Group also sold its entire stake in Intermosane 1 (an inter-municipal company based in Liège), resulting in a gain of €25 million.

Capital reductions were also carried out in June 2011. As the Group's share of these capital reductions exceeded the carrying amount of its equity investments in associates, the surplus was taken to income and the value of the shares was written down to zero. As a result, a positive impact of €49 million was recognized in "Share in net income of associates". The recognition of the Group's share in net income of these entities for subsequent periods will be suspended until the surplus is canceled out. At December 31, 2011, the surplus totaled €70 million.

The legal and political context specific to inter-municipal companies in the Walloon region did not result in any changes in the governance of these entities, which continue to be accounted for using the equity method in the Group's consolidated financial statements.

2.2.5 Disposal of natural gas distribution assets in Italy (G6 Rete Gas)

On October 3, 2011, the Group sold its entire interest in G6 Rete Gas, a gas distributor in Italy, to the consortium of infrastructure funds comprising F2i, AXA Private Equity and Enel Distribution for a consideration of €402 million.

G6 Rete Gas was fully consolidated in the Group's financial statements up to September 30, 2011, when it was deconsolidated.

The contribution of G6 Rete Gas to net income Group share amounted to €5 million in 2011 (before the impact of the disposal loss) and €23 million in 2010.

The sale generated a capital loss of €38 million for the Group (see Note 5.4, "Changes in scope of consolidation") and led to a reduction of €737 million in consolidated net debt (reflecting the consideration of €402 million and the impact of derecognizing the €335 million in net debt carried in G6 Rete Gas' statement of financial position prior to the sale).

2.2.6 Disposal of a 70% interest in Bristol Water

On October 5, 2011, SUEZ Environnement's subsidiary Agbar sold 70% of its interest (18.67% at the level of GDF SUEZ) in Bristol Water, a regulated water distribution company in the UK that was fully consolidated in the Group's financial statements up to the date of sale. The purchase consideration totaled GBP 132 million (€152 million). Taking into account transaction fees, the capital gain generated on disposal amounted to €57 million.

The Group's residual 30% interest in the regulated utility (8% at the level of GDF SUEZ) is accounted for by the equity method. In accordance with IAS 27, the equity interests maintained were measured to fair value at the transaction date.

The cumulative impact of this transaction, shown on the "Changes in scope of consolidation" line within income from operating activities (see Note 5.4, "Changes in scope of consolidation"), amounted to €88 million.

2.3 Assets held for sale

At December 31, 2011, total assets held for sale and liabilities directly related to assets held for sale totaled €1.298 million and €827 million, respectively.

The table below shows the main categories of assets and liabilities reclassified on these two lines of the statement of financial position:

In millions of euros	Dec. 31, 2011
Property, plant and equipment, net	1,125
Other assets	173
TOTAL ASSETS HELD FOR SALE	**1,298**
Borrowings and debt	596
Other liabilities	231
TOTAL LIABILITIES DIRECTLY RELATED TO ASSETS HELD FOR SALE	**827**

The assets shown on the "Non-current assets held for sale" and "Liabilities directly related to non-current assets held for sale" lines at December 31, 2011 are electricity production assets within the International Power operating segment. The Group expects to finalize the sale of these assets in the first half of 2012.

- Hidd Power Company (Bahrain)

As described in Note 2.1.1, the Group acquired a controlling interest in Hidd Power Company as part of its acquisition of International Power. Hidd Power Company was previously accounted for using the equity method in the consolidated financial statements of both GDF SUEZ and International Power.

In 2011, the Group approved the sale of a portion of its interest in Hidd Power Company, resulting in a loss of control, in order to comply with the rules on market share imposed by the Finance Ministry of the Kingdom of Bahrain.

- Choctaw & Hot Spring (United States)

In 2011, International Power approved the sale of its combined cycle plants Choctaw and Hot Spring (each with a capacity of 746 MW).

- T-Power (Belgium)

The Group acquired an interest in the T-Power project within the scope of its acquisition of International Power (see Note 2.1.1).

To comply with the demands of the European Commission, International Power entered into a sale agreement with Itochu on May 18, 2011.

2.4 Other transactions carried out in 2011

Several other acquisitions and equity transactions took place in 2011, including the acquisition of controlling interests in WSN Environmental Solutions in Australia and Proenergy Contracting in Germany. The individual and aggregate impacts of these transactions on the consolidated financial statements are not material.

2.5 Main transactions in the year ended December 31, 2010

The Group carried out the following transactions in 2010:

2.5.1 Acquisition of a controlling interest in Aguas de Barcelona

The GDF SUEZ Group's acquisition of a controlling interest in the water and environmental activities of Aguas de Barcelona (Agbar) through SUEZ Environnement was finalized on June 8, 2010, the date on which Criteria Caixa Corp (Criteria), the Group's historic partner in Agbar, sold a portion of its Agbar shares to the Group for an amount of €666 million.

Prior to this transaction:

- a delisting tender offer was launched by Agbar in May 2010 on its own shares (investment of €273 million for Agbar);
- Agbar sold all of its interest in Adeslas (healthcare insurance) to Criteria for €687 million on June 8, 2010.

Criteria and SUEZ Environnement also signed a new shareholders' agreement granting SUEZ Environnement control of Hisusa, the Agbar group's holding company.

Since June 8, 2010, the Group has fully consolidated Agbar in its financial statements.

2.5.2 Chile

On January 29, 2010, the GDF SUEZ Group, through its subsidiary SUEZ Energy Andino SA ("SEA"), and Corporación Nacional del Cobre de Chile ("Codelco") decided to reorganize their respective shareholdings in certain companies operating in the Chilean Northern Interconnected System ("SING") by signing a Merger Agreement.

On completion of the merger, the Group held 52.4% of E-CL SA ("E-CL") through its subsidiary SEA. E-CL controls Gasoducto Norandino SA and Gasoducto Norandino Argentina, which were previously controlled by the Group, as well as Electroandina SA, Distrinor SA and Central Termoelectrica Andina, which were previously controlled jointly with Codelco. E-CL continues to proportionately consolidate its interest in Inversiones Hornitos.

The previous shareholders' agreements were terminated as of the date of the merger.

2.5.3 Unwinding of cross-holdings in water management companies with the Veolia Environnement group

In the first quarter of 2010, SUEZ Environnement and Veolia Environnement completed the process of unwinding all of their cross-holdings in water management companies in France. SUEZ Environnement:

- acquired a controlling interest in eight companies previously consolidated by the proportionate method. These companies are now fully consolidated in the Group's financial statements;
- sold to Veolia-Eau all of its interests in Société des Eaux de Marseille and Société des Eaux d'Arles for €131 million.

2.5.4 Acquisition of controlling interests in Astoria

On January 7, 2010, the Group increased its interest in the Astoria Energy I natural gas-fired power plant located in Queens, New York, from 14.8% to 65.4%. This acquisition of additional shares was carried out for €156 million.

Astoria I has been fully consolidated in the Group's financial statements since that date.

2.5.5 Disposal of shareholdings in Fluxys group and Fluxys LNG

In 2010, the Group sold its residual shareholdings in Fluxys and Fluxys LNG to Publigaz for €636 million and €28 million, respectively.

2.5.6 Sale of Elia

In May 2010, GDF SUEZ sold its entire interest in Elia SA (Elia) to Publi-T for a total of €313 million.

NOTE 3 SEGMENT INFORMATION

3.1 Operating segments

The operating segments presented below reflect the segments used by the Group's Management Committee to allocate resources to the segments and assess their performance. No segments have been aggregated. The Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8.

Following the acquisition of the International Power plc group ("International Power") on February 3, 2011 (see Note 2, "Main changes in Group structure"), the Energy Europe & International business line's activities are now presented under the following segments: Benelux & Germany, Europe and International Power.

In 2010, the Group presented the International Energy activities transferred to International Power within the following three operating segments: North America, Latin America and Middle East, Asia & Africa. The Group's assets in the United Kingdom and the gas distribution activities in Turkey transferred to International Power were previously shown within the Europe business area.

Comparative segment information for 2010 has been restated to reflect the Group's new organization at December 31, 2011.

The Group's eight operating segments are listed below:

- **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, the United Kingdom, Benelux and Germany);
- **International Power** – these subsidiaries produce and market power in North America, Latin America, Asia, the United Kingdom and Other Europe, the Middle East, Africa and Australia. They also distribute and market gas in North America, Asia, Turkey and Australia. International Power is active in LNG import and regasification in North America and Chile and seawater desalination in the Arabian peninsula;
- **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 transportation, storage and distribution networks, and LNG terminals, 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 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.

The methods used by the Group's Management Committee 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 (i) Energy France and Infrastructures and (ii) Global Gas & LNG and Energy France/Energy Benelux & Germany.

Services relating to the use of the Group's gas infrastructures in France are billed based on a regulated fee applicable to all network users, except for storage infrastructure. The prices for reservations and use of storage facilities are established by storage operators and based on auctions of available capacity.

Sales of molecules between Global Gas & LNG and Energy France/ Energy Benelux & Germany 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).

Due to the variety of its business lines and their geographical location, the Group serves a very diverse range of customer types and situations (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

3.2 Key indicators by operating segment

REVENUES

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	External revenues	Intra-group revenues	Total	External revenues	Intra-group revenues	Total
Energy France	13,566	478	14,044	14,982	475	15,457
Energy Europe & International	36,656	795	37,451	31,770	277	32,047
of which: Benelux & Germany	*13,901*	*927*	*14,828*	*14,257*	*970*	*15,228*
Europe	*7,001*	*334*	*7,335*	*6,491*	*361*	*6,852*
International Power	*15,754*	*415*	*16,169*	*11,022*	*360*	*11,382*
Intra-business line eliminations		*(881)*	*(881)*		*(1,414)*	*(1,414)*
Global Gas & LNG	9,936	11,795	21,731	9,173	11,620	20,793
Infrastructures	1,491	4,212	5,703	1,203	4,688	5,891
Energy Services	14,206	204	14,409	13,486	209	13,695
SUEZ Environnement	14,819	10	14,829	13,863	6	13,869
Other	0	0	0	0	0	0
Intra-group eliminations		(17,493)	(17,493)		(17,274)	(17,274)
TOTAL REVENUES	**90,673**	**0**	**90,673**	**84,478**	**0**	**84,478**

EBITDA

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	505	1,023
Energy Europe & International	7,453	5,831
of which: Benelux & Germany	*2,216*	*2,272*
Europe	*1,061*	*1,053*
International Power	*4,225*	*2,533*
Global Gas & LNG	2,386	2,080
Infrastructures	2,991	3,223
Energy Services	1,005	923
SUEZ Environnement	2,513	2,339
Other	(328)	(332)
TOTAL EBITDA	**16,525**	**15,086**

CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	70	646
Energy Europe & International	4,775	3,937
of which: Benelux & Germany	*1,471*	*1,657*
Europe	*600*	*604*
International Power	*2,754*	*1,704*
Global Gas & LNG	1,164	961
Infrastructures	1,793	2,071
Energy Services	655	598
SUEZ Environnement	1,039	1,025
Other	(518)	(443)
TOTAL CURRENT OPERATING INCOME	**8,978**	**8,795**

DEPRECIATION AND AMORTIZATION

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	(463)	(418)
Energy Europe & International	(2,603)	(1,811)
of which: Benelux & Germany	*(671)*	*(563)*
Europe	*(448)*	*(423)*
International Power	*(1,484)*	*(826)*
Global Gas & LNG	(1,180)	(1,095)
Infrastructures	(1,178)	(1,159)
Energy Services	(334)	(296)
SUEZ Environnement	(1,039)	(975)
Other	(89)	(85)
TOTAL DEPRECIATION AND AMORTIZATION	**(6,886)**	**(5,839)**

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	6,166	6,903
Energy Europe & International	46,386	36,233
of which: Benelux & Germany	*8,664*	*9,768*
Europe	*7,458*	*8,318*
International Power	*30,262*	*18,185*
Global Gas & LNG	8,811	9,027
Infrastructures	20,581	19,072
Energy Services	3,030	2,828
SUEZ Environnement	13,628	13,313
Other	937	155
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**99,539**	**87,530**

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	510	791
Energy Europe & International	4,336	4,734
of which: Benelux & Germany	*1,155*	*1,550*
Europe	*668*	*743*
International Power	*2,513*	*2,441*
Global Gas & LNG	649	1,149
Infrastructures	2,672	1,787
Energy Services	551	623
SUEZ Environnement	1,916	2,350
Other	114	472
TOTAL CAPITAL EXPENDITURE	**10,748**	**11,906**

Cash and cash equivalents acquired are not included in financial investments within Capex. However, Capex includes the acquisitions of additional interests in controlled entities which are presented under cash flows used in financing activities in the statement of cash flows (€122 million).

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, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
France	31,156	31,502	34,302	33,332
Belgium	11,817	11,997	4,010	5,318
Other EU countries	27,640	25,152	29,789	25,460
Other European countries	1,676	1,311	1,691	2,040
North America	5,745	5,004	9,947	7,991
Asia, Middle East and Oceania	7,011	4,574	10,285	5,107
South America	4,673	4,050	9,297	8,100
Africa	957	887	216	180
TOTAL	**90,673**	**84,478**	**99,539**	**87,530**

3.4 Reconciliation of EBITDA

RECONCILIATION OF EBITDA WITH CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Current operating income	8,978	8,795
Depreciation, amortization and provisions	7,115	5,899
Share-based payment (IFRS 2) and other	138	126
Net disbursements under concession contracts	294	265
EBITDA	**16,525**	**15,086**

3.5 Reconciliation of industrial capital employed with items in the statement of financial position

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
(+) Property, plant and equipment and intangible assets, net	103,346	91,483
(+) Goodwill	31,362	27,933
(-) Goodwill arising on the Gaz de France-SUEZ merger [(1)]	*(11,832)*	*(11,873)*
(-) Goodwill arising on the International Power combination [(1)]	*(2,894)*	*0*
(+) IFRIC 4 and IFRIC 12 receivables	2,483	1,402
(+) Investments in associates	2,619	1,980
(+) Trade and other receivables	23,135	20,501
(-) Margin calls [(1)] [(2)]	(567)	(547)
(+) Inventories	5,435	3,870
(+) Other current and non-current assets	10,628	8,397
(+) Deferred taxes	(11,659)	(10,528)
(-) Provisions	*(16,183)*	*(14,469)*
(+) Actuarial gains and losses recorded in equity (net of deferred taxes) [(1)]	1,156	657
(-) Trade and other payables	*(18,387)*	*(14,835)*
(+) Margin calls [(1)] [(2)]	518	542
(-) Other liabilities	(19,623)	(16,983)
INDUSTRIAL CAPITAL EMPLOYED	**99,539**	**87,530**

(1) For the purpose 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.

NOTE 4 CURRENT OPERATING INCOME

4.1 Revenues

Group revenues break down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy sales	59,499	55,694
Rendering of services	28,953	26,620
Lease and construction contracts	2,221	2,164
REVENUES	**90,673**	**84,478**

In 2011, revenues from lease and construction contracts amounted to €1,056 million and €1,165 million, respectively (€889 million and €1,275 million in 2010).

4.2 Personnel costs

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Short-term benefits	(12,174)	(11,262)
Shared-based payment (see Note 23)	(145)	(119)
Costs related to defined benefit plans (see Note 18.3.4)	(333)	(261)
Costs related to defined contribution plans (see Note 18.4)	(122)	(113)
TOTAL	**(12,775)**	**(11,755)**

4.3 Depreciation, amortization and provisions

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Depreciation and amortization	(6,886)	(5,839)
Net change in write-downs of inventories, trade receivables and other assets	(67)	(48)
Net change in provisions	(163)	(12)
TOTAL	**(7,115)**	**(5,899)**

Depreciation and amortization breaks down as €1,130 million for intangible assets and €5,631 million for property, plant and equipment. A breakdown by type of asset is provided in Notes 10 and 11, respectively.

The increase in depreciation and amortization expenses chiefly reflects changes in Group structure resulting from the acquisition of International Power and new assets commissioned in 2011 and 2010 (Gjøa and Vega oil fields, thermal power plants in France, LNG terminals, hydroelectric power plants in Brazil, etc.).

NOTE 5 INCOME FROM OPERATING ACTIVITIES

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
CURRENT OPERATING INCOME	**8,978**	**8,795**
Mark-to-market on commodity contracts other than trading instruments	(105)	(106)
Impairment of property, plant and equipment, intangible assets and financial assets	(532)	(1,468)
Restructuring costs	(189)	(206)
Changes in scope of consolidation	1,514	1,185
Other non-recurring items	18	1,297
INCOME FROM OPERATING ACTIVITIES	**9,684**	**9,497**

5.1 Mark-to-market on commodity contracts other than trading instruments

In 2011, this item represents a net loss of €105 million (compared with a net loss of €106 million in 2010), chiefly reflecting:

- changes in the fair value of electricity and natural gas sale and purchase contracts falling within the scope of IAS 39 and financial instruments used as economic hedges but not eligible for hedge accounting, resulting in a net loss of €125 million (net loss of €139 million in 2010). This net loss is mainly due to a negative price effect related to changes in the forward prices of the underlying commodities during the period. The net negative impact is partly offset by the positive impact of the settlement of positions with a negative market value at December 31, 2010;
- the ineffective portion of cash flow hedges of non-financial assets, representing a gain of €20 million (compared to a gain of €33 million in 2010).

5.2 Impairment of property, plant and equipment, intangible assets and financial assets

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Impairment losses:		
Goodwill	(61)	(169)
Property, plant and equipment and other intangible assets	(332)	(1,220)
Financial assets	(212)	(113)
TOTAL IMPAIRMENT LOSSES	**(605)**	**(1,502)**
Reversals of impairment losses:		
Property, plant and equipment and other intangible assets	45	13
Financial assets	28	20
TOTAL REVERSALS OF IMPAIRMENT LOSSES	**73**	**34**
TOTAL	**(532)**	**(1,468)**

5.2.1 Impairment of goodwill

In 2011, the Group recognized a €61 million impairment loss against goodwill allocated to the Energy – Southern Europe CGU, in light of Greece's current economic situation and the uncertainty regarding the medium- to long-term conditions of this market.

The value in use of these activities was measured 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. A terminal value was obtained based on the cash flows extrapolated beyond the six-year period using a 0% to 2% growth rate depending on the activities concerned. The discount rates applied to these forecasts range from 5.8% to 12.3% depending on the activities concerned.

A 0.1% increase in the discount rate would have an additional negative impact of €54 million on the recoverable value of the Energy – Southern Europe CGU.

In 2010, the Group recognized a €134 million impairment loss against goodwill relating to a gas distribution company in Turkey due to the persistent difficulties encountered by a major industrial customer as well as the risk of changes in the tariff regulation in Turkey as from 2017. The Group also recognized an impairment loss of €175 million against its gas transportation business in Germany, following the decision by the German regulator (BNetza) to reduce grid fees applied by grid operators (pipe-in-pipe network partners) in Germany. The impairment loss was charged against goodwill allocated to the Transportation Germany CGU in an amount of €27 million, and against property, plant and equipment and intangible assets relating to the Megal network in an amount of €148 million.

5.2.2 Impairment of property, plant and equipment and intangible assets (excluding goodwill)

The net impairment losses recognized in 2011 chiefly related to power production assets in Spain in the Energy Europe business line (€120 million) and the United States in the International Power business line (€86 million). No other impairment loss was material taken individually.

As difficult market conditions continued in Spain, the Group recognized a €120 million impairment loss against a combined cycle power plant. The value in use of this asset was calculated 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, and beyond this period using the future cash flows estimated until the end of the asset's useful life. A 7.9% discount rate was applied to these forecasts.

A 0.1% increase in the discount rate would not have a material impact on the result of the impairment test.

An impairment loss of €86 million was recognized against one of the Group's power plants in the United States following a succession of technical problems resulting in lower availability and thermal efficiency rates. The value in use of this asset was calculated 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, and beyond this period using the future cash flows estimated until the end of the long-term power sale agreement. A 5.7% discount rate was applied to these forecasts. The cumulative impact of a 1% decrease in both the availability and thermal efficiency rates of an asset would result in a decrease of €10 million in the asset's recoverable value.

In 2010, the Group recognized impairment losses mainly against the following assets:

- the long-term gas supply contract portfolio due to the persistent spread between gas and oil prices in a market where gas supplies exceed demand (€548 million);
- some production assets and exploration licenses in Egypt, Libya and the Gulf of Mexico belonging to the Global Gas & LNG business line, due to worse-than-expected development prospects (€95 million);
- a power production unit in Spain within the Energy Europe business line (€131 million);
- the Megal transportation network within the Infrastructures business line (€148 million; see section 5.2.1).

5.2.3 Impairment of financial assets

Impairment losses recognized against financial assets in 2011, net of reversals of impairment losses, amounted to €184 million, with no individual impairment loss being material.

In 2010, the Group recognized impairment losses for a net amount of €93 million, including an additional impairment loss of €46 million taken against Gas Natural shares sold in the second half of the year. Other impairment losses recognized against available-for-sale securities were not material taken individually.

5.3 Restructuring costs

Restructuring costs in 2011 mainly include in the International Power business line costs relating to the implementation of the combination and operating synergies and also costs incurred to adapt to economic conditions in the United States (€89 million) and costs incurred to adapt to economic conditions in the SUEZ Environnement (€40 million) and Energy Services (€37 million) business lines.

Restructuring costs recognized in 2010 resulted chiefly from measures taken to adapt to economic conditions in the SUEZ Environnement (€83 million) and Energy Services (€86 million) business lines. They also included the costs of regrouping sites in Brussels (€16 million).

5.4 Changes in scope of consolidation

In 2011, this item includes capital gains on the disposal of shares in GDF SUEZ LNG Liquefaction (€479 million), EFOG (€355 million), Noverco (€28 million) and Bristol Water (€88 million), capital losses on the disposal of G6 Rete Gas (€38 million), and a €108 million capital gain on the disposal of a portion of the share capital of the inter-municipal companies in the Walloon region.

This item also includes the positive impact of remeasuring at fair value the previously-held equity interests in the Flemish inter-municipal companies (€425 million) following the loss of significant influence and the recognition of these shares as "available-for-sale securities".

In millions of euros	Section of Note 2	Net gain (loss) on disposals	Sale costs	Fair value adjustments	Total
Transactions in the year ended December 31, 2011					
Disposal of shares in GDF SUEZ LNG Liquefaction	2.2.2	508	(29)		479
Disposal of shares in EFOG	2.2.1	354	1		355
Disposal of shares in Noverco		28			28
Disposal of shares in G6 Rete Gas	2.2.5	(34)	(4)		(38)
Disposal of shares in Bristol Water	2.2.6	63	(6)	31	88
Partial disposal of Walloon inter-municipal companies	2.2.4	108			108
Loss of significant influence over Flemish inter-municipal companies	2.2.4			425	425
Other					69
TOTAL IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION					**1,514**

In 2010, this item comprised capital gains on the disposal of Fluxys shares (€422 million) and Elia shares (€238 million), and of interests in Société des Eaux de Marseille and Société des Eaux d'Arles as part of the unwinding of cross-holdings with the Veolia Environnement group (€81 million).

This item also included the impacts of remeasuring previously-held interests (i) in power and transmission assets in Chile (€148 million), (ii) in Lyonnaise des Eaux following the acquisition of controlling interests as part of the unwinding of cross-holdings with the Veolia Environnement group (€120 million), and (iii) in connection with the acquisition of a controlling interest in the Hisusa/Agbar group (€167 million).

5.5 Other non-recurring items

In 2011, this item mainly includes €33 million in capital gains on the disposal of a building in the SUEZ Environnement business line. The other items included in this caption are not material taken individually.

In 2010, this caption mainly reflected the impact of revisions to the timing of dismantling provisions for gas infrastructures in France (Transportation and Distribution) for €1,141 million.

These provisions cover obligations to secure distribution and transportation networks at the end of their operating lives, which are estimated based on known global gas reserves.

The Group revised the timing of its legal obligations in 2010 to reflect recent studies of gas reserves. Based on the publication of the International Energy Agency, which, on the basis of current production levels, estimated that proven and probable gas reserves were assured for another 250 years, the discounting of these provisions over such a long period results in a present value of virtually zero. These dismantling provisions had been recognized in 2008 in connection with the SUEZ-Gaz de France business combination, but with no matching entry in assets due to their nature.

Accordingly, the provision for dismantling gas infrastructures in France was written back through income.

NOTE 6 NET FINANCIAL INCOME/(LOSS)

	Dec. 31, 2011			Dec. 31, 2010		
	Expenses	Income	Total	Expenses	Income	Total
Cost of net debt [(1)]	(2,188)	243	(1,945)	(1,738)	171	(1,566)
Other financial income and expenses [(1)]	(1,195)	535	(661)	(1,073)	417	(655)
NET FINANCIAL INCOME/(LOSS)	**(3,383)**	**778**	**(2,606)**	**(2,810)**	**589**	**(2,222)**

(1) Following a change in the definition of total "net debt" (see Note 14.3 "Net debt"), to ensure comparability between the two periods, an amount of €120 million has been reclassified from "Cost of net debt" to "Other financial expenses" at December 31, 2010.

6.1 Cost of net debt

The main items of the cost of net debt break down as follows:

In millions of euros	Expenses	Income	Total Dec. 31, 2011	Dec. 31, 2010
Interest on gross borrowings	(2,511)	-	(2,511)	(2,074)
Foreign exchange gains/losses on borrowings and hedges	(57)	-	(57)	16
Ineffective portion of fair value hedges	-	5	5	(6)
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	238	238	156
Capitalized borrowing costs	379	-	379	342
COST OF NET DEBT	**(2,188)**	**243**	**(1,945)**	**(1,566)**

The increase in the cost of net debt essentially reflects the year-on-year rise in average debt outstanding (see Note 14.3 "Net debt").

6.2 Other financial income and expenses

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Other financial expenses		
Gains and losses on economic hedges of other financial items	(257)	(135)
Unwinding of discounting adjustments to provisions	(845)	(791)
Interest on trade and other payables	(83)	(86)
Exchange losses	(4)	(43)
Other financial expenses	(6)	(17)
TOTAL	**(1,195)**	**(1,073)**
Other financial income		
Expected return on pension plan assets	248	204
Income from available-for-sale securities	140	128
Interest income on trade and other receivables	69	50
Interest income on loans and receivables at amortized cost	51	21
Exchange gains	15	0
Other financial income	12	14
TOTAL	**535**	**417**
OTHER FINANCIAL INCOME AND EXPENSES, NET	**(661)**	**(655)**

NOTE 7 INCOME TAX EXPENSE

7.1 Actual income tax expense recognized in the income statement

7.1.1 Breakdown of actual income tax expense recognized in the income statement

The income tax expense recognized in the income statement for 2011 amounts to €2,119 million (€1,913 million in 2010), breaking down as:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Current income taxes	(1,647)	(2,164)
Deferred taxes	(473)	251
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME FOR THE YEAR	**(2,119)**	**(1,913)**

7.1.2 Reconciliation of theoretical income tax expense with actual income tax expense

A reconciliation of theoretical income tax expense with the Group's actual income tax expense is presented below:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Net income	5,420	5,626
• Share in net income of associates	462	264
• Income tax expense	(2,119)	(1,913)
Income before income tax expense and share in net income of associates (A)	7,078	7,275
Of which French companies	*640*	*2,010*
Of which companies outside France	*6,438*	*5,265*
Statutory income tax rate of the parent (B)	36.10%	34.43%
THEORETICAL INCOME TAX EXPENSE (C) = (A) X (B)	(2,555)	(2,505)
Actual income tax expense		
Difference between statutory tax rate applicable to the parent and statutory tax rate in force in jurisdictions in France and abroad	94	125
Permanent differences	(80)	(117)
Income taxed at a reduced rate or tax-exempt [a]	758	770
Additional tax expense [b]	(491)	(299)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences	(320)	(220)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences	80	91
Impact of changes in tax rates [c]	(45)	19
Tax credits and other tax reductions [d]	435	199
Other	7	23
ACTUAL INCOME TAX EXPENSE	(2,119)	(1,913)
EFFECTIVE TAX RATE (ACTUAL INCOME TAX EXPENSE DIVIDED BY INCOME BEFORE INCOME TAX AND SHARE IN NET INCOME OF ASSOCIATES)	29.9%	26.3%

(a) Reflects mainly capital gains on disposals of shares exempt from tax or taxed at a reduced rate in Luxembourg, Belgium and Germany, lower tax rates applicable to securities transactions in France, special tax regimes used for certain entities in Luxembourg, Belgium and Thailand, the impact on income of remeasuring previously-held equity interests in connection with acquisitions, and changes in consolidation methods described in Note 5.4, "Changes in scope of consolidation".
(b) Includes mainly the tax on dividends and interest levied in several tax jurisdictions, the tax on nuclear activities payable by nuclear-sourced electricity utilities in Belgium (€212 million in both 2011 and 2010), and regional corporate taxes.
(c) Includes mainly the impact of the increased tax rate on Exploration & Production activities in the UK in 2011 (from 50% to 62%), the reduced tax rate on other UK activities (from 27% to 25%), and changes in the tax rate in France (for reversals of temporary differences in 2012), and Hungary.
(d) Includes mainly the impact of deductible notional interest in Belgium and tax credits in Norway and Italy.

In 2011, the income tax rate payable by companies in France with revenues over €250 million was increased to 36.10% (34.43% in 2010). The new tax rate results from the introduction of an exceptional 5% contribution payable in respect of 2011 and 2012.

For French companies, the temporary differences expected to reverse after 2012 continue to be measured at the rate of 34.43%.

The increase in the effective tax rate results primarily from:

- the rise in the proportion of earnings in highly taxed jurisdictions and particularly in the Exploration & Production sector, where the tax rate is above 50%;
- the end-March 2011 increase in the tax rate for Exploration & Production activities in the United Kingdom from 50% to 62%;
- the year-on-year fall in disposal gains taxed at a reduced rate or tax-exempt.

7.1.3 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, 2011	Dec. 31, 2011
Deferred tax assets:		
Tax loss carry-forwards and tax credits	156	170
Pension obligations	(60)	35
Non-deductible provisions	177	106
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(45)	20
Measurement of financial instruments at fair value (IAS 32/39)	127	(61)
Other	(547)	226
TOTAL	**(192)**	**496**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(282)	(118)
Tax-driven provisions	(75)	(38)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(151)	146
Other	227	(235)
TOTAL	**(281)**	**(245)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(473)**	**251**

7.2 Deferred tax income (expense) recognized in "Other comprehensive income"

Net deferred tax income (expense) recognized in "Other comprehensive income" is broken down by component as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Available-for-sale financial assets	(9)	(5)
Actuarial gains and losses	247	158
Net investment hedges	37	12
Commodity cash flow hedges	(129)	(140)
Other cash flow hedges	32	(4)
TOTAL EXCLUDING SHARE OF ASSOCIATES	**178**	**21**
Share of associates	30	(1)
TOTAL	**208**	**20**

7.3 Deferred taxes presented in the statement of financial position

7.3.1 Change in deferred taxes

Changes in deferred taxes recognized in the statement of financial position, after netting deferred tax assets and liabilities by tax entity, break down as follows:

In millions of euros	Assets	Liabilities	Net position
At December 31, 2010 (before correction)	**1,669**	**(12,437)**	**(10,768)**
Correction of prior-period error – see Note 1.2	240		240
At December 31, 2010 (after correction)	**1,909**	**(12,437)**	**(10,528)**
Impact on net income for the year	(192)	(280)	(472)
Impact on other comprehensive income	478	(224)	254
Impact of changes in scope of consolidation	1,190	(2,025)	(835)
Currency effect	61	(128)	(67)
Other	120	(131)	(11)
Impact of netting by tax entity	(2,187)	2,187	0
AT DECEMBER 31, 2011	**1,379**	**(13,038)**	**(11,659)**

The impact of changes in the scope of consolidation essentially reflects the acquisition of International Power (see Note 2, “Main changes in Group structure”).

7.3.2 Analysis of the net deferred tax position recognized in the statement of financial position (before netting deferred tax assets and liabilities by tax entity), by type of temporary difference

	Statement of financial position at	
In millions of euros	Dec. 31, 2011	Dec. 31, 2011
Deferred tax assets:		
Tax loss carry-forwards and tax credits	1,835	1,453
Pension obligations	1,404	1,171
Non-deductible provisions	956	686
Difference between the carrying amount of PP&E and intangible assets and their tax bases	1,321	994
Measurement of financial instruments at fair value (IAS 32/39)	1,283	569
Other	849	1,119
TOTAL	**7,648**	**5,992**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(16,714)	(14,688)
Tax-driven provisions	(334)	(264)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(1,194)	(539)
Other	(1,065)	(1,029)
TOTAL	**(19,307)**	**(16,520)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(11,659)**	**(10,528)**

A total of €1,835 million in deferred tax assets were recognized in respect of tax losses and tax credits carried forward at December 31, 2011 (€1,453 million at end-2010). As in 2010, this amount includes all tax loss carry-forwards relating to the GDF SUEZ SA and SUEZ Environnement tax consolidation groups.

The Group estimates that all tax loss carry-forwards relating to the International Power North America tax consolidation group will be utilized over a period of ten years.

Had the tax laws and regulations remained the same in 2011 as in 2010, the SUEZ Environnement tax consolidation group would utilize most of its deferred tax assets recognized on tax loss carryforwards over the period covered by the medium-term business plan (2012-2017) approved by management. Despite the new regulations voted in 2011 (tax losses carried forward may only be offset against 60% of taxable income for the year), the Group considers that this tax consolidation group could still utilize all of its deferred tax assets arising on tax loss carryforwards, approximately 40% of which during the period of the medium-term business plan.

Aside from these two tax consolidation groups, GDF SUEZ considers that all material tax loss carryforwards recognized as deferred tax assets in the statement of financial position will be utilized over the period covered by the medium-term business plan (2012-2017) approved by management.

7.4 Unrecognized deferred taxes

7.4.1 Unrecognized deductible temporary differences

At December 31, 2011, the tax effect of tax losses and tax credits eligible for carry-forward but not utilized and not recognized in the statement of financial position amounted to €1,112 million (€783 million at December 31, 2010). Most of these unrecognized tax losses relate to companies based in countries which allow losses to be carried forward indefinitely (mainly Belgium, France and Luxembourg).

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. Deduction of dividends received are now required to be carried forward. In 2011, the Group obtained formal approval from the Belgian Ruling Commission regarding the terms and conditions for transferring and utilizing deduction of dividends received arising from mergers and spin-offs. As some Group entities are not expected to have suficient taxable profits over the medium-term (in particular GDF SUEZ Belgium and Genfina), these entities did not recognize deferred tax assets on these deductible carry-forwards. The tax impact of these unrecognized items amounts to €340 million and is included in the amount of €1,112 million relating to tax loss and tax credit carry-forwards not utilized and not recognized in the statement of financial position at December 31, 2011.

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €238 million at end-December 2011 versus €198 million at end-December 2010.

7.4.2 Unrecognized deferred taxes on taxable temporary differences relating to investments in subsidiaries, joint ventures and associates

No material 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.

NOTE 8 EARNINGS PER SHARE

	Dec. 31, 2011	Dec. 31, 2010
Numerator *(in millions of euros)*		
Net income Group share *	4,003	4,616
Impact of dilutive instruments		
• International Power convertible bond issues	(19)	
Diluted net income Group share	3,984	4,616
Denominator: *(in millions of shares)*		
Average number of shares outstanding	2,221	2,188
Impact of dilutive instruments		
• Bonus share plan reserved for employees	9	5
• Employee stock subscription and purchase plans	3	5
DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING	**2,233**	**2,197**
Earnings per share *(in euros)*		
Earnings per share	1.8	2.1
Diluted earnings per share	1.8	2.1

* *The share in net income of SUEZ Environnement included in net income Group share represents the share in income after deduction of the coupon attributable to holders of the SUEZ Environnement hybrid shares described in Note 16.7, "Non-controlling interests". The dilutive impact of these shares is therefore already taken into account in earnings per share.*

The Group's dilutive instruments included in the calculation of diluted earnings per share are detailed in Note 23.1, "Stock option plans" and 23.3, "Bonus shares and Performance Shares".

Diluted earnings per share does not take into account the stock subscription options granted to employees at an exercise price higher than the average annual GDF SUEZ share price. The plans in question date from 2007, 2008 and 2009 and are described in Note 23.1.1, "Details of stock option plans in force".

Instruments that were accretive at December 31, 2011 may become dilutive in subsequent periods due to changes in the average annual share price.

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, 2009	**28,238**	**(249)**	**27,989**
Correction of prior-period error (see Note 1.2)	366		366
Restated balance at January 1, 2010	**28,604**	**(249)**	**28,355**
Impairment		(169)	
Changes in scope of consolidation	(82)	23	
Translation adjustments	324	(15)	
Other	(514)	11	
At December 31, 2010	**28,332**	**(399)**	**27,933**
Impairment		(61)	
Changes in scope of consolidation and other	3,343	23	
Translation adjustments	107	17	
AT DECEMBER 31, 2011	**31,782**	**(420)**	**31,362**

The increase in goodwill in the statement of financial position at December 31, 2011 primarily reflects €2,822 million in goodwill arising on the acquisition of International Power (see Note 2, "Main changes in Group structure), €566 million in provisional goodwill arising on the acquisition of underground gas storage sites in Germany (see Note 2), and €129 million in goodwill arising on the acquisition of Ne V arietur (Energy services). These additions to goodwill were partly offset by the €209 million in goodwill derecognized following the partial sale of Walloon inter-municipal companies and the loss of significant influence over Flemish inter-municipal companies.

An impairment loss of €61 million was taken against goodwill for the Energy – Southern Europe CGU as a result of the annual impairment tests carried out in 2011.

In 2010, changes in goodwill related mainly to the acquisition of a controlling interest in the Hisusa/Agbar Group, which added €394 million to goodwill; the unwinding of cross-holdings previously held by Lyonnaise des Eaux and Veolia Environnement, which added €203 million; and the derecognition of the share of goodwill sold as part of the disposal of Elia shares, which reduced goodwill by €155 million.

The negative amount of €514 million shown in "Other" mainly reflected the finalization of the opening statement of financial position of German entities acquired from E.ON in 2009 (€336 million).

An impairment loss was recognized in 2010 against goodwill on a gas distribution entity in Turkey (€134 million) and against goodwill assigned to the Infrastructures-Transmission Germany CGU (€27 million).

9.2 Main goodwill CGUs

9.2.1 Definition of International Power goodwill CGUs

Following the acquisition of International Power and the reorganization of the Group's international energy production and sale operations (see Note 2, "Main changes in Group structure" and Note 3.1, "Operating segments"), GDF SUEZ and International Power determined the groups of cash-generating units to which the €2,822 million in goodwill generated on the International Power acquisition and the legacy €1,305 million in goodwill on the Energy International business transferred to International Power were to be allocated ("goodwill CGUs").

Six goodwill CGUs were identified, corresponding to the regional management levels within International Power: International Power – North America CGU, International Power – Latin America CGU, International Power – Asia CGU, International Power – United Kingdom & Other Europe CGU, International Power – Middle East, Turkey & Africa CGU and International Power – Australia CGU.

At December 31, 2011, the Group provisionally allocated this goodwill among the six goodwill CGUs. The six goodwill CGUs and this provisional allocation were then used as a basis for the 2011 annual impairment tests.

The allocation of goodwill arising on the acquisition of International Power will be finalized in 2012.

9.2.2 Presentation of the main goodwill CGUs

The table below provides a breakdown of goodwill by CGU:

CGU *In millions of euros*	Operating segment	Dec. 31, 2011	Dec. 31, 2010
MATERIAL CGUS [(1)]			
Energy - Benelux & Germany	Energy - Benelux & Germany	7,536	7,777
Midstream/Downstream	Global Gas & LNG	4,296	4,266
Distribution [(2)]	Infrastructures	4,009	4,009
Energy - France	Energy France	2,906	2,885
International Power - North America	Energy - International Power	1,627	696
OTHER SIGNIFICANT CGUS			
Storage [(2)]	Infrastructures	1,359	1,359
International Power - Asia	Energy - International Power	820	479
International Power - United Kingdom & Other Europe	Energy - International Power	663	23
Transmission France [(2)]	Infrastructures	614	614
Energy - Eastern Europe	Energy Europe	595	627
OTHER CGUS *(INDIVIDUALLY LESS THAN €600 MILLION)* [(2)]		**6,938**	**5,198**
TOTAL		**31,362**	**27,933**

(1) Material CGUs correspond to CGUs that represent over 5% of the Group's total goodwill.

(2) Goodwill amounting to €366 million, resulting from the correction of the prior-period error presented in Note 1,2 was allocated to the following CGUs: Distribution (€129 million), Storage (€91 million), Transmission France (€78 million) and the Terminals CGU in the Infrastructures business line (€68 million).

9.3 Impairment testing of goodwill CGUs

All goodwill 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 flow 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 flows method is used, value in use is calculated on the basis of three scenarios ("low", "medium" and "high"). The "medium" scenario, which management deems the most probable, is usually preferred.

The recoverable amounts that result from applying these three scenarios ("low", "medium" and "high") 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 in 2011 to measure the value in use of goodwill CGUs in the cash flow forecasts were between 5.2% and 13.6% in 2011 (between 4.6% and 11.6% in 2010).

9.3.1 Material CGUs

Except for the Energy – Benelux & Germany, Midstream/Downstream, Distribution, Energy – France and International Power – North America CGUs (see 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 any changes in the key assumptions described below would not increase the carrying amount of goodwill in excess of the recoverable amount.

Goodwill allocated to the Energy – Benelux & Germany CGU

The total amount of goodwill allocated to this CGU was €7,536 million at December 31, 2011. This CGU includes the Group's electricity production, sales 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 discount rates between 6.5% and 9%. A terminal value was obtained based on the cash flows extrapolated beyond the six-year period using a growth rate equal to expected inflation (1.9%).

Key assumptions include the discount rates and expected trends in long-term prices for electricity and fuel. These inputs reflect the Group's best estimates of energy prices, while fuel consumption is estimated taking into account expected changes in production assets. The discount rates applied are consistent with available external sources of information. The regulatory framework used is consistent with a perspective of industry stability and takes into account the various national regulations in force in the region and any agreements between the Group and local governments.

An increase of 0.5% in the discount rate used would have a negative 32.5% 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 48.7% impact on this calculation.

A decrease of €1/MWh in average spreads on the terminal value would have a negative 12.2% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of €1/MWh in average spreads on the terminal value would have a positive 12.2% impact on this calculation.

Various extreme transformational scenarios have been considered. The disappearance of all nuclear components in the portfolio after a period of 40 years operating the current plants and the resulting change in the corresponding nuclear taxes would have a sharply negative impact (91% on the excess of the recoverable value over the carrying amount, without taking account of the positive impact of replacement and the effect on energy prices), however, this scenario does not call into question the carrying amount of the CGU.

Goodwill allocated to the Midstream/Downstream CGU

The total amount of goodwill allocated to this CGU was €4,296 million at December 31, 2011. The Midstream/Downstream CGU includes Group entities that supply gas to the Group under supply contracts and by using organized markets, and that market 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 cash flow forecasts. The discount rates applied to these forecasts range from 8% to 9.1% depending on business and country risks. The recoverable amount includes a terminal value for the period beyond six years, calculated by applying a long-term growth rate (ranging from 0% to 3% depending on the activities) to normative EBITDA in the last year of the forecasts.

The key assumptions and estimates include the discount rates, estimated hydrocarbon prices, changes in the euro/dollar exchange rate, the market outlook, and the expected period required for the realignment of oil and gas prices. The inputs used reflect the best estimates of market prices and expected market trends.

In the "medium" scenario used by management in its medium-term business plan, the Group expects the partial realignment of oil and gas prices as from 2013 and a full realignment as from 2014. If the prices realign one year later, the excess of the recoverable amount over the carrying amount would decrease by 9.8%. However, the recoverable amount would remain above the carrying amount.

An increase of 0.5% in the discount rate used would have a negative 69.1% 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 79.9% impact on this calculation.

A 0.5% increase in the long-term growth rate used to determine the terminal value would have a positive 52% 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 45% 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 €4,009 million at December 31, 2011. 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 (RAB). The RAB 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.

Goodwill allocated to the Energy – France CGU

The total amount of goodwill allocated to this CGU was €2,906 million at December 31, 2011. The Energy – France CGU comprises 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.

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 operating conditions expected by the Group's Management Committee, in particular regulatory rates, market prices, expected trends in long-term prices for electricity and fuel, the 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.

For power generation assets, 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.

For the gas and electricity sales business unit, a terminal value was calculated by extrapolating the cash flows beyond the medium-term business plan.

The discount rates used range from 6.1% and 9.5% and correspond to 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 19.5% 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 22.2% impact on this calculation.

A decrease of €1/MWh in gas and electricity sale prices would have a negative 15% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of €1/MWh in gas and electricity sale prices would have a positive 15.5% impact on this calculation.

Goodwill allocated to the International Power – North America CGU

The total amount of goodwill allocated to this CGU was €1,627 million at December 31, 2011. The entities included in this CGU produce electricity and sell electricity and gas in the US, Mexico and Canada. They are also involved in LNG imports and regasification.

The recoverable amount of this International Power - North America 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.

For electricity production activities, the terminal value was calculated for each asset class by extrapolating the cash flows expected through to the expiry of the license to operate the facilities. For the LNG and retail electricity sales business, the terminal value was calculated by extrapolating cash flows beyond the last year of the medium-term business plan using growth rates of between 0% and 1%.

Key assumptions include long-term trends in electricity and fuel prices, the future market outlook and the discount rates applied. The inputs used for these assumptions reflect best estimates of market prices. The discount rates used in 2011 range from 5.7% to 10.3%, depending on the business concerned.

An increase of 0.5% in the discount rate used would have a negative 83.2% 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 83.1% impact on this calculation.

A decrease of USD 1/MMBtu (Million Metric British thermal units) in gas prices would have a negative 90.2% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of USD 1/MMBtu in gas sale prices would have a positive 90.2% impact on this calculation.

9.3.2 Other significant CGUs

The table below sets out the assumptions used to determine the r ecoverable amount of other significant CGUs. The discounted cash flows method (CDF) or dividend discount model (DDM) is used to determine value in use. The r ecoverable amount of certain CGUs is calc ulated using the RAB or based on valuations used in recent transactions.

CGU	Operating segment	Measurement	Taux d'actualisation
Storage	Infrastructures	DCF	5.9% - 6.6%
International Power - Asia	Energy - International Power	DCF + DDM + disposal price	7.4% - 13.4%
International Power - United Kingdom & Other Europe	Energy - International Power	DCF + DDM + disposal price	5.4% - 10%
Transmission France	Infrastructures	Fair value less disposal costs	
Energy - Eastern Europe	Energy Europe	DCF + RAB + disposal price	8.4% - 11.8%

9.4 Goodwill segment information

The carrying amount of goodwill can be analyzed as follows by operating segment:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	2,906	2,885
Energy Europe & International	12,821	10,292
of which : Benelux & Germany	*7,536*	*7,777*
Europe	*1,004*	*1,209*
International Power	*4,281*	*1,305*
Global Gas & LNG	4,359	4,331
Infrastructures	6,705	6,139
Energy Services	1,325	1,157
SUEZ Environnement	3,246	3,128
TOTAL	**31,362**	**27,933**

NOTE 10 INTANGIBLE ASSETS

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, 2009	**4,394**	**2,405**	**9,520**	**16,319**
Acquisitions	501	1	770	1,272
Disposals	(66)	0	(143)	(209)
Translation adjustments	63	0	96	159
Changes in scope of consolidation	427	0	922	1,349
Other	(15)	18	86	89
At December 31, 2010	**5,304**	**2,424**	**11,251**	**18,979**
Acquisitions	369	(0)	606	975
Disposals	(16)	0	(75)	(91)
Translation adjustments	61	0	50	111
Changes in scope of consolidation	(8)	0	491	483
Other	51	(70)	41	23
At December 31, 2011	**5,762**	**2,354**	**12,363**	**20,480**
ACCUMULATED AMORTIZATION AND IMPAIRMENT				
At December 31, 2009	**(1,812)**	**(665)**	**(2,421)**	**(4,899)**
Amortization and impairment	(174)	(88)	(1,524)	(1,786)
Disposals	35	0	40	75
Translation adjustments	(15)	0	(39)	(55)
Changes in scope of consolidation	162	0	271	433
Other	16	0	16	32
At December 31, 2010	**(1,789)**	**(753)**	**(3,657)**	**(6,199)**
Amortization and impairment	(260)	(85)	(815)	(1,160)
Disposals	14	0	61	75
Translation adjustments	(9)	0	(20)	(29)
Changes in scope of consolidation	22	0	53	75
Other	(77)	69	(8)	(16)
At December 31, 2011	**(2,099)**	**(769)**	**(4,387)**	**(7,254)**
CARRYING AMOUNT				
At December 31, 2010	**3,515**	**1,671**	**7,594**	**12,780**
At December 31, 2011	**3,664**	**1,586**	**7,977**	**13,226**

In 2011, acquisitions relating to intangible rights arising on concession contracts correspond to the construction work carried out under concession contracts on infrastructure managed by SUEZ Environnement and energy services amounting to €235 million and €131 million, respectively.

Changes in the scope of consolidation in 2011 primarily include the first-time consolidation of International Power (€430 million), the acquisition of WSN Environmental Solutions (€128 million) and the disposal of G6 Rete Gas (€115 million).

In 2010, acquisitions related mainly to intangible rights arising on concession contracts in the SUEZ Environnement (€338 million) and energy services (€161 million) business lines, and on exploration and production licenses in Australia (€257 million).

Impairment losses recognized in 2010 totaled €751 million and chiefly concerned the long-term gas supply contracts portfolio in the Global Gas & LNG business line (€548 million) and exploration licenses in Egypt, Libya and the Gulf of Mexico (€84 million).

10.1.1 Intangible rights arising on concession contracts

The Group manages a number of concessions as defined by SIC 29 (see Note 22, "Service concession arrangements") 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. They include rights to bill users recognized in accordance with the intangible asset model as set out in IFRIC 12.

10.1.2 Capacity entitlements

The Group has acquired capacity entitlements from power stations operated by third parties. These power station capacity rights were acquired in connection with transactions or within the scope of the Group's involvement in financing the construction of certain power stations. In consideration, the Group received the right to purchase a share of the production over the useful life of the underlying 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 and the virtual power plant (VPP) in Italy.

10.1.3 Other

At end-2011, this caption chiefly relates to water drawing rights, licenses and intangible assets acquired as a result of the merger with Gaz de France, essentially comprising the GDF Gaz de France brand and customer relationships, as well as supply agreements. The exploration and production licenses presented under "Other" in the table above are detailed in Note 19, "Exploration & Production activities".

The carrying amount of intangible assets that are not amortized because they have an indefinite useful life was €936 million at December 31, 2011 (€1,007 million at December 31, 2010). This caption relates mainly to water drawing rights and to the GDF 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.

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 as set out in IAS 38, totaled €231 million in 2011 and €222 million in 2010. Expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset are not material.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

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, 2009	2,337	8,216	74,002	1,723	1,072	9,770	1,241	98,360
Acquisitions	87	174	1,235	150	0	6,548	103	8,297
Disposals	(42)	(51)	(380)	(87)	(26)	(147)	(48)	(780)
Translation adjustments	70	244	1,811	36	18	412	18	2,609
Changes in scope of consolidation	318	126	2,129	(20)	3	53	(107)	2,501
Other	167	(2,895)	8,772	(10)	581	(6,019)	(32)	563
At December 31, 2010	2,937	5,813	87,568	1,791	1,648	10,618	1,175	111,551
Acquisitions	44	93	1,273	131	0	6,549	91	8,182
Disposals	(45)	(88)	(402)	(85)	0	(0)	(31)	(650)
Translation adjustments	(9)	(75)	2	1	6	(159)	1	(232)
Changes in scope of consolidation	160	429	9,265	11	11	707	15	10,598
Transferred to assets held for sale	(0)		(1,487)		(12)	(2)	(2)	(1,504)
Other	122	927	5,029	65	98	(6,359)	43	(75)
At December 31, 2011	**3,209**	**7,100**	**101,248**	**1,916**	**1,751**	**11,354**	**1,292**	**127,869**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At December 31, 2009	(956)	(2,558)	(22,378)	(1,097)	(732)	(170)	(804)	(28,695)
Depreciation and impairment	(89)	(368)	(4,323)	(165)	(75)	(137)	(179)	(5,336)
Disposals	34	23	241	75	(0)	119	40	531
Translation adjustments	(31)	(54)	(481)	(22)	(13)	(2)	(11)	(614)
Changes in scope of consolidation	0	91	880	22	(2)	0	89	1,082
Other	12	593	(555)	30	(10)	52	62	184
At December 31, 2010	(1,029)	(2,273)	(26,616)	(1,158)	(832)	(139)	(802)	(32,848)
Depreciation and impairment	(76)	(358)	(5,018)	(154)	(122)	(70)	(134)	(5,933)
Disposals	23	67	356	81	0	8	27	562
Translation adjustments	(13)	16	149	1	(4)	(1)	2	151
Changes in scope of consolidation	0	0	(50)	4	2	(0)	0	(43)
Transferred to assets held for sale			455		1		1	458
Other	0	(8)	(105)	(2)	(6)	(5)	32	(95)
At December 31, 2011	**(1,094)**	**(2,555)**	**(30,828)**	**(1,229)**	**(960)**	**(208)**	**(874)**	**(37,749)**
CARRYING AMOUNT								
At December 31, 2010	1,908	3,540	60,953	634	817	10,479	373	78,703
At December 31, 2011	**2,115**	**4,544**	**70,420**	**687**	**791**	**11,146**	**417**	**90,120**

Changes in the scope of consolidation had a net impact of €10,555 million on property, plant and equipment. These changes mainly result from the consolidation of International Power's opening statement of financial position (€10,941 million), the acquisition of gas storage facilities in Germany (€403 million), the Acea transaction (€312 million) and the acquisition of WSN Environmental Solutions by Sita Australia (€144 million). They also result from the disposal of G6 Rete Gas (€624 million), EFOG (€336 million) and the loss of control of Bristol Water (€380 million) (see Note 2, "Main changes in Group structure").

The Hidd Power company, Choctaw, and Hot Springs power plants were classified as held for sale (see Note 2.3), and the carrying amount of the corresponding property, plant and equipment was transferred to "Assets held for sale" in the statement of financial position.

The main impacts of exchange rate fluctuations on the gross amount of property, plant and equipment at December 31, 2011 chiefly consist of translation gains on the US dollar (€457 million) and the Australian dollar (€260 million), and translation losses on the Brazilian real (€481 million) and the Chilean peso (€178 million).

Impairment losses recognized against property, plant and equipment in 2011 amounted to €241 million. These losses are detailed in Note 5.2.2 "Impairment of property, plant and equipment and intangible assets (excluding goodwill)" and mainly concern a power generation facility in Spain and a power plant in the United States.

Assets relating to the exploration and production of mineral resources included in the table above are detailed in Note 19, "Exploration & Production activities". Fields under development are shown under "Assets in progress", while fields in production are included in "Plant and equipment".

11.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amounted to €9,383 million at December 31, 2011, versus €3,538 million a year earlier. The increase in assets pledged results primarily from the power plants acquired from International Power which were pledged as a guarantee for the financing of the operation.

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.

Investment commitments made by the Group to purchase property, plant and equipment totaled €6,459 million at December 31, 2011 versus €5,956 million at December 31, 2010. The increase in commitments mainly reflects the impact of the International Power acquisition and the increase in commitments made by GDF Norge in respect of the Gudrun oil fields. This increase was partially offset by a fall in commitments made by the Benelux & Germany business area following the completion of part of the construction work at new power plants.

11.4 Other information

Borrowing costs for 2011 included in the cost of property, plant and equipment amounted to €379 million at December 31, 2011 and €342 million at end-2010.

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, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Belgian inter-municipal companies	39	416	187	184
Gasag	471	468	16	20
Paiton	614	0	65	0
ISAB Energy srl	153	0	4	0
GTT	88	117	(8)	(3)
Noverco	0	229	7	10
Other	1,255	750	192	54
TOTAL	**2,619**	**1,980**	**462**	**264**

The increase in the carrying amount of investments in associates is mainly attributable to the inclusion of International Power associates (e.g., Paiton and ISAB Energy) in the consolidated financial statements. The International Power transaction is described in further detail in Note 2, "Main changes in Group structure".

As indicated in Note 2, "Main changes in Group structure", since June 30, 2011, the Group no longer exercises significant influence over the Flemish inter-municipal companies. Accordingly, the corresponding shares are now presented in "Available-for-sale securities" in the consolidated financial statements. In addition, share capital reductions were carried out at the Flemish and Walloon inter-municipal companies in June 2011. As the Group's share of these capital reductions exceeded the carrying amount of its equity investments in associates, the surplus was taken to income and the value of the shares was written down to zero. As a result, a positive impact of €49 million was recognized in "Share in net income of associates". The recognition of the Group's share in the net income of these entities for subsequent periods will be suspended until the surplus has been canceled out. At December 31, 2011, the surplus totaled €70 million primarily as a result of a dividend payout of €21 million in the second half of the year recognized in "Share in net income of associates".

The Group sold its interest in Noverco on June 30, 2011.

At December 31, 2011, total unrecognized losses of associates (corresponding to the cumulative amount of losses exceeding the carrying amount of investments in the associates concerned) including other comprehensive income or expense, amounted to €412 million. These unrecognized losses mainly correspond to the negative fair value of financial instruments designated as interest rate hedges ("Other comprehensive income") taken out by associates in the Middle East in connection with the financing for the construction of power and desalination plants.

12.2 Key figures of associates

In millions of euros	Latest % control	Total assets [1]	Liabilities [1]	Equity [1]	Revenues [1]	Net income [1]
At December 31, 2011						
Walloon and Brussels inter-municipal companies [2]		4,685	2,816	1,869	1,227	266
PT Paiton Energy Company	44,7	3,658	2,285	1,373	558	145
ISAB Energy	49,0	652	340	312	430	7
Gasag Group	31,6	2,770	2,054	716	1,165	52
GTT	40,0	102	78	24	53	10
At December 31, 2010						
Belgian inter-municipal companies [2]		11,735	6,901	4,834	2,827	585
Noverco Group	17,6	4,394	3,090	1,304	1,271	58
Gasag Group	31,6	2,763	2,002	761	1,162	73
GTT	40,0	126	59	67	77	19

(1) The key figures of associates are presented at a 100%.

(2) Based on the combined financial data for the previous financial year of the inter-municipal companies, which have been restated in accordance with IFRS.

NOTE 13 INVESTMENTS IN JOINT VENTURES

The 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
At December 31, 2011							
Energia Sustentavel Do Brasil	50.1	177	1,936	125	1,035	0	15
SPP Group	24.5	308	1,655	95	342	752	140
WSW Energie und Wasser	33.1	43	304	57	75	190	11
Senoko	30.0	123	864	217	470	603	28
Tirreno Power	50.0	239	819	210	568	529	17
Eco Electrica Project	50.0	77	416	48	134	136	19
At December 31, 2010							
EFOG	22.5	135	334	5	171	166	76
Energia Sustentavel Do Brasil	50.1	271	1,224	77	849	0	5
AceaElectrabel Group	40.6 *	472	734	739	150	1,291	26
SPP Group	24.5	277	1,705	92	350	737	144
WSW Energie und Wasser	33.1	42	307	53	73	170	6
Senoko	30.0	90	773	51	539	524	9
Tirreno Power	35.0	146	569	143	411	308	15

* *Consolidation percentage applicable to the holding companies.*

In the first quarter of 2011, GDF SUEZ and Acea terminated their partnership concerning energy activities in Italy. After the cross-holdings had been unwound, the Group acquired a controlling interest in a number of entities which are now fully consolidated. This transaction is described in further detail in Note 2, "Main changes in Group structure".

The Group sold its 22.5% interest in EFOG on December 31, 2011 (see Note 2, "Main changes in Group structure").

NOTE 14 FINANCIAL INSTRUMENTS

14.1 Financial assets

The following table presents the Group's different categories of financial assets, broken down into current and non-current items:

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros		Non-current	Current	Total	Non-current	Current
Available-for-sale securities	3,299		3,299	3,252		3,252
Loans and receivables at amortized cost	3,813	24,446	28,259	2,794	21,533	24,327
Loans and receivables at amortized cost (excluding trade and other receivables)	*3,813*	*1,311*	*5,124*	*2,794*	*1,032*	*3,825*
Trade and other receivables, net		*23,135*	*23,135*		*20,501*	*20,501*
Other financial assets at fair value	2,911	8,197	11,108	2,532	7,452	9,984
Derivative instruments	*2,911*	*5,312*	*8,223*	*2,532*	*5,739*	*8,271*
Financial assets at fair value through income (excluding derivatives)		*2,885*	*2,885*		*1,713*	*1,713*
Cash and cash equivalents		14,675	14,675		11,296	11,296
TOTAL	**10,023**	**47,319**	**57,342**	**8,578**	**40,280**	**48,858**

14.1.1 Available-for-sale securities

In millions of euros	
At December 31, 2009	**3,563**
Acquisitions	518
Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income"	(648)
Disposals - "Other comprehensive income" derecognized	(27)
Other changes in fair value recorded in equity	(99)
Changes in fair value recorded in income	(69)
Changes in scope of consolidation, foreign currency translation and other changes	14
At December 31, 2010	**3,252**
Acquisitions	249
Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income"	(50)
Disposals - "Other comprehensive income" derecognized	(425)
Other changes in fair value recorded in equity	(70)
Changes in fair value recorded in income	(130)
Changes in scope of consolidation, foreign currency translation and other changes	473
At December 31, 2011	**3,299**

The Group's available-for-sale securities amounted to €3,299 million at December 31, 2011, breaking down as €1,243 million of listed securities and €2,056 million of unlisted securities (respectively, €1,131 million and €2,121 million at December 31, 2010).

The main acquisitions in the period correspond to bonds purchased by Synatom within the scope of its investment commitments.

Changes in the scope of consolidation chiefly result from: (i) the recognition of the Group's interests in the Flemish mixed inter-municipal companies as available for-sale securities (€587 million), and (ii) the disposal of GDF SUEZ LNG Liquefaction which held a stake in Atlantic LNG with a historical value of €97 million (see Note 2, "Main changes in Group structure").

The main transactions carried out in 2010 concerned the acquisition of a 9% stake in the Nordstream AG gas pipeline (€238 million) and the disposal of Gas Natural shares (€555 million).

14.1.1.1 Gains and losses on available-for-sale securities recognized in equity or income

The table below shows gains and losses on available-for-sale securities recognized in equity or income:

		Remeasurement post acquisition				
In millions of euros	Dividends	Change in fair value	Foreign currency translation	Impairment	Reclassified to income	Net gain (loss) on disposals
Equity *	-	(70)	14	-	(425)	-
Income	139			(130)	425	33
TOTAL AT DECEMBER 31, 2011	**139**	**(70)**	**14**	**(130)**		**33**
Equity *	-	(99)	38	-	(27)	-
Income	128			(69)	27	178
TOTAL AT DECEMBER 31, 2010	**128**	**(99)**	**38**	**(69)**		**178**

* *Excluding the tax effect.*

The items comprising net gains on disposals totaling €33 million are not material taken individually.

Gains and losses initially recognized in equity within "Other comprehensive income" and reclassified to income following the disposal of available-for-sale securities totaled €425 million in 2011 (€27 million in 2010). The impact of reclassifying the Atlantic LNG shares to income (€421 million) is shown on the "Changes in scope of consolidation" line in the income statement (see Note 5).

14.1.1.2 Analysis of available-for-sale securities in connection with impairment tests

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.

The Group recognized an impairment loss of €130 million against unlisted securities. No individual impairment loss included in this amount was material.

Based on its analyses, the Group did not recognize any other impairment losses on available-for-sale securities at December 31, 2011.

14.1.2 Loans and receivables at amortized cost

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Loans and receivables at amortized cost (excluding trade and other receivables)	3,813	1,311	5,124	2,794	1,032	3,825
Loans granted to affiliated companies	*875*	*555*	*1,430*	*932*	*230*	*1,162*
Other receivables at amortized cost	*1,056*	*159*	*1,215*	*1,157*	*150*	*1,307*
Amounts receivable under concession contracts	*418*	*466*	*884*	*315*	*453*	*768*
Amounts receivable under finance leases	*1,464*	*132*	*1,596*	*389*	*198*	*588*
Trade and other receivables		23,135	23,135		20,501	20,501
TOTAL	**3,813**	**24,446**	**28,259**	**2,794**	**21,533**	**24,327**

The table below shows impairment losses taken against loans and receivables at amortized cost:

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Gross	Allowances and impairment	Net	Gross	Allowances and impairment	Net
Loans and receivables at amortized cost (excluding trade and other receivables)	5,504	(380)	5,124	4,224	(399)	3,825
Trade and other receivables, net	24,133	(997)	23,135	21,592	(1,091)	20,501
TOTAL	**29,637**	**(1,377)**	**28,259**	**25,816**	**(1,490)**	**24,327**

Data on the age of receivables past due but not impaired and on counterparty risk associated with loans and receivables at amortized cost (including trade and other receivables) are provided in Note 15.2, "Counterparty risk".

Net gains and losses recognized in the consolidated income statement with regard to loans and receivables at amortized cost (including trade and other receivables) break down as follows:

		Remeasurement post acquisition	
In millions of euros	Interest income	Foreign currency translation	Impairment
At December 31, 2010	101	(43)	(19)
At December 31, 2011	**142**	**15**	**17**

Loans and receivables at amortized cost (excluding trade and other receivables)

Changes in loans and receivables at amortized cost chiefly reflect the consolidation of the International Power Group in 2011, which added €1,468 million to the caption in December 2011.

At December 31, 2011 and December 31, 2010, no material impairment losses had been recognized against loans and receivables at amortized cost (excluding trade and other receivables).

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 in the consolidated statement of financial position represents a reasonable estimate of fair value.

Impairment losses recognized against trade and other receivables amounted to €997 million at end-2011 and €1,091 million at end-2010.

14.1.3 Other financial assets at fair value through income

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivative instruments	2,911	5,312	8,223	2,532	5,739	8,271
Derivatives hedging borrowings [(1)]	*1,187*	*314*	*1,502*	*1,124*	*68*	*1,192*
Derivatives hedging commodities	*969*	*4,916*	*5,885*	*994*	*5,662*	*6,656*
Derivatives hedging other items [(2)]	*755*	*81*	*836*	*415*	*9*	*423*
Financial assets at fair value through income (excluding derivatives)	0	2,572	2,572	0	1,555	1,555
Financial assets qualifying as at fair value through income		*2,527*	*2,527*		*1,511*	*1,511*
Financial assets designated as at fair value through income		*45*	*45*		*45*	*45*
Margin calls on derivatives hedging borrowings - assets		314	314		157	157
TOTAL	**2,911**	**8,197**	**11,108**	**2,532**	**7,452**	**9,984**

(1) Following the Group's review of its definition of "net debt", derivatives hedging borrowings include qualifying or non-qualifying instruments hedging an underlying item recorded within gross debt (see Note 14.3, "Net debt").

(2) The interest rate component of derivative hedges (not qualifying as hedges or qualifying as cash flow hedges) and instruments hedging net investments in a foreign operation are now classified as derivatives hedging other items.
Data for 2010 have been restated in order to provide a meaningful comparison.

Financial assets qualifying as at fair value thσugh income (excluding derivatives) are mainly UCITS held for trading purposes and intended to be sold in the near term. They ar e included in the calculation of the Group's net debt (see Note 14.3).

Gains on financial assets at fair value thr ough income (excluding derivatives) held for trading purposes totaled €26 million in 2011 versus €15 million in 2010.

Gains and losses on fi nancial assets designated as at fair value through income in 2011 were not material.

14.1.4 Cash and cash equivalents

Cash and cash equivalents totaled €14,675 million at December 31, 2011 (€11,296 million at December 31, 2010).

At end-2011, this caption includes €600 million in cash and cash equivalents subject to r estrictions (€231 million at December 31, 2010), reflecting mainly the consolidation of Inter national Power. Cash and cash equivalents subject to r estrictions comprise mainly cash equivalents set aside to cover the r epayment of borrowings and debt as part of pr oject financing arrangements in certain subsidiaries.

Gains recognized in r espect of cash and cash equivalents came to €206 million for the year to December 31, 2011 compared to €141 million for the year to December 31, 2010.

14.1.5 Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material

As indicated in Note 17.2, "Nuclear dismantling liabilities", the Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted the Gr oup's wholly-owned subsidiary Synatom responsibility for managing and investing funds r eceived from operators of nuclear power plants in Belgium and designed to cover the costs of dismantling nuclear power plants and managing radioactive fissile material.

Pursuant to the law, Synatom may lend up to 75% of these funds to operators of nuclear plants provided that they meet certain financial criteria – particularly in terms of credit quality. The funds that cannot be lent to operators ar e either lent to entities meeting the cr edit quality criteria set by the law or invested in financial assets such as bonds and money-market funds.

Loans to entities outside the Group and other cash investments are shown in the table below:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Loans to third parties	534	534
Loan to Eso/Elia	454	454
Loan to Eandis	80	80
Other cash investments	**727**	**578**
Bond portfolio	207	136
Money market funds	520	442
TOTAL	**1,261**	**1,112**

Loans to entities outside the Group are shown in the statement of financial position as "Loans and receivables at amortized cost". Bonds and UCITS held by Synatom are shown as "Available-for-sale securities".

14.1.6 Financial assets and equity instruments pledged as collateral for borrowings and debt

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Financial assets and equity instruments pledged as collateral	4,789	2,247

This item mainly includes equity instruments pledged as collateral for borrowings and debt.

14.2 Financial liabilities

Financial liabilities are recognized in:

- "Liabilities at amortized cost" (borrowings and debt, trade and other payables, and other financial liabilities);
- "Financial liabilities at fair value through income" (derivative instruments or financial liabilities designated as derivatives).

The following table presents the Group's different financial liabilities at December 31, 2011, broken down into current and non-current items:

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	43,375	13,213	56,588	38,179	9,059	47,238
Derivative instruments	3,310	5,185	8,495	2,104	5,738	7,842
Trade and other payables	-	18,387	18,387	-	14,835	14,835
Other financial liabilities	684	-	684	780	-	780
TOTAL	**47,369**	**36,784**	**84,153**	**41,063**	**29,632**	**70,695**

14.2.1 Borrowings and debt

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bond issues	26,197	2,522	28,719	23,975	921	24,896
Commercial paper		4,116	4,116		3,829	3,829
Drawdowns on credit facilities	1,537	506	2,043	1,286	302	1,588
Liabilities under finance leases	1,250	139	1,389	1,258	243	1,502
Other bank borrowings	12,478	2,935	15,413	9,767	1,110	10,877
Other borrowings	942	636	1,578	1,226	65	1,290
TOTAL BORROWINGS	42,404	10,853	53,257	37,512	6,470	43,982
Bank overdrafts and current accounts		1,310	1,310		1,741	1,741
OUTSTANDING BORROWINGS AND DEBT	42,404	12,163	54,568	37,512	8,210	45,722
Impact of measurement at amortized cost	689	243	932	621	191	812
Impact of fair value hedge	281	77	358	46	119	165
Margin calls on derivatives hedging borrowings - liabilities		730	730		539	539
BORROWINGS AND DEBT	**43,375**	**13,213**	**56,588**	**38,179**	**9,059**	**47,238**

The fair value of gr oss borrowings and debt amounted to €61,112 million at December 31, 2011, compared with a carrying amount of €56,588 million.

Financial income and expenses relating to borrowings and debt are detailed in Note 6, “Net financial income/(loss)”.

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, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings (1)	76	331	407	185	157	342
Derivatives hedging commodities	994	4,699	5,693	1,037	5,512	6,549
Derivatives hedging other items (2)	2,241	155	2,396	882	69	951
TOTAL	**3,310**	**5,185**	**8,495**	**2,104**	**5,738**	**7,842**

(1) Following the Group’s review of its definition of “net debt”, derivatives hedging borrowings include qualifying or non-qualifying instruments hedging an underlying item recorded within borrowings and debt (see Note 14,3, “Net debt”).

(2) The interest rate component of derivative hedges (not qualifying as hedges or qualifying as cash flow hedges) and instruments hedging net investments in a foreign operation are now classified as derivatives hedging other items.
Data for 2010 have been restated in order to provide a meaningful comparison.

14.2.3 Trade and other payables

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Trade payables	16,780	13,458
Payable on fixed assets	1,608	1,377
TOTAL	**18,387**	**14,835**

The carrying amount of these financial liabilities represents a reasonable estimate of their fair value.

14.2.4 Other financial liabilities

Other financial liabilities break down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Payables related to acquisitions of securities	548	643
Other	136	136
TOTAL	**684**	**780**

Other financial liabilities chiefly relate to liabilities in respect of various counterparties resulting from put options granted by the Group to non-controlling shareholders of fully consolidated companies. These commitments to purchase equity instruments have therefore been recognized under financial liabilities (see Note 1.5.11.2), and concern:

- 33.20% of the capital of Compagnie Nationale du Rhône (CNR);
- 43.16% of the capital of Compagnie du Vent.

Non-controlling interests in CNR may only exercise their options if the French "Murcef" law is abolished. Non-controlling shareholders of Compagnie du Vent may now exercise their options in several phases (see Note 26, "Legal and anti-trust proceedings").

The Group also holds call options on these shares as part of agreements entered into by the parties.

14.3 Net debt

The Group reviewed its definition of net debt in order to make the different components more consistent from an economic standpoint. Accordingly, derivatives qualifying as hedges of net investments (consolidated shareholdings whose functional currency is not the euro) and the interest rate component of interest rate hedging instruments (not qualifying as hedges or qualifying as cash flow hedges) are now excluded from the net debt as the hedged items are not included in net debt. In addition, financial assets relating to debt instruments – essentially deposits pledged as part of project financing arrangements – are now shown as a deduction from gross debt.

The definition of the cost of net debt was also revised (see Note 6, "Net financial income/loss) to maintain consistency with the new definition of net debt. The application of the revised net debt definition led to a decrease of €796 million in net debt at end-2010 compared to under the previous definition.

14.3.1 Net debt by type

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Outstanding borrowings and debt	42,404	12,163	54,568	37,512	8,210	45,722
Impact of measurement at amortized cost	689	243	932	621	191	812
Impact of fair value hedge (1)	281	77	358	46	119	165
Margin calls on derivatives hedging borrowings - liabilities		730	730		539	539
BORROWINGS AND DEBT	**43,375**	**13,213**	**56,588**	**38,179**	**9,059**	**47,238**
Derivatives hedging borrowings – carried in liabilities (2)	76	331	407	185	157	342
GROSS DEBT	**43,451**	**13,543**	**56,994**	**38,364**	**9,216**	**47,580**
Assets related to financing (3)	(311)	(20)	(331)	(321)	(20)	(341)
ASSETS RELATED TO FINANCING	**(311)**	**(20)**	**(331)**	**(321)**	**(20)**	**(341)**
Financial assets at fair value through income	0	(2,572)	(2,572)	0	(1,555)	(1,555)
Margin calls on derivatives hedging borrowings - assets		(314)	(314)		(157)	(157)
Cash and cash equivalents	0	(14,675)	(14,675)	0	(11,296)	(11,296)
Derivatives hedging borrowings – carried in assets (2)	(1,187)	(314)	(1,502)	(1,124)	(68)	(1,192)
NET CASH	**(1,187)**	**(17,875)**	**(19,063)**	**(1,124)**	**(13,077)**	**(14,200)**
NET DEBT	**41,952**	**(4,352)**	**37,601**	**36,919**	**(3,880)**	**33,039**
Outstanding borrowings and debt	42,404	12,163	54,568	37,512	8,210	45,722
Assets related to financing (3)	(311)	(20)	(331)	(321)	(20)	(341)
Financial assets at fair value through income	0	(2,572)	(2,572)	0	(1,555)	(1,555)
Cash and cash equivalents	0	(14,675)	(14,675)	0	(11,296)	(11,296)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**42,093**	**(5,103)**	**36,990**	**37,191**	**(4,661)**	**32,530**

(1) This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.

(2) This item represents the fair value of debt-related derivatives irrespective of whether or not they are designated as hedges (see Notes 14.1.3 and 14.2.2).

(3) Financial assets pledged as collateral for the Group's financing are now shown as a deduction from borrowings and debt. These assets consist mainly of deposits pledged as collateral for loans granted to subsidiaries. Data for 2010 have been restated in order to provide a meaningful comparison.

14.3.2 Main events of the period

In 2011, changes in the scope of consolidation led to a €6,247 million increase in net debt, of which €6,317 million was attributable to the first-time consolidation of the International Power Group, and €174 million to the Acea transaction.

The International Power debt acquired includes three bonds convertible into International Power shares, as follows:

- a USD 229 million (€176 million) bond issue maturing in 2023 and paying interest of 3.75%;
- a €230 million bond issue maturing in 2013 and paying interest of 3.25%;
- a €700 million bond issue maturing in 2015 and paying interest of 4.75%.

As the bonds were denominated in a currency other than the functional currency of International Power, the conversion options are recognized as derivatives at fair value through income. The acquisition-date fair value of the debt component of these instruments amounted to €1,129 million. The fair value of the derivative instruments is recognized in "Derivatives hedging other items" in an amount of €380 million, and is therefore not included in net debt. Changes in the fair value of these derivative instruments in 2011 had a positive €1 million impact, presented in "Gains and losses from economic hedges of other financial items" within net financial income/(loss).

Changes in exchange rates resulted in a €266 million decrease in net debt (including €256 million in relation to the US dollar).

The Group carried out the following transactions in relation to its bond debt during 2011:

- GDF SUEZ SA issued a €300 million 100-year bond maturing in March 2111 and paying interest of 5.95%, along with a CHF 300 million bond maturing in October 2017 hedged by derivative financial instruments allowing the Group to swap the debt for euros at a fixed rate of 2.99%;
- GDF SUEZ SA carried out two bond issues, the first for €1 billion, paying interest of 3.125% and maturing in January 2020, and the second for GBP 400 million, swapped for a fixed euro interest rate of 4.7% and maturing in 2060. These two issues allowed the Group to refinance €157 million on the bond maturing in February 2013, €355 million on the bond maturing in January 2014 and €88 million on the bond issued by Belgelec and maturing in June 2015, within the scope of an exchange offer;
- on May 5, 2011, SUEZ Environnement Company launched a combined intermediated redemption and exchange of its bonds maturing in 2014, issued in 2009 and paying interest of 4.875%. The purpose of this transaction was (i) to refinance a portion of the bonds maturing in 2014, and (ii) to extend the average maturity of SUEZ Environnement Company's debt. At the close of the transaction, €338 million in bonds maturing in 2014 had been redeemed and exchanged as part of a €750 million 10-year bond issue paying interest of 4.078%; In November 2011, SUEZ Environnement issued GBP 250 million in bonds maturing in 2030 and paying interest of 5.375%;
- the Group redeemed the Belgelec and Tractebel Energia bond issues (€400 million and €512 million, respectively) which expired during the year.

The Group also paid off in advance of term the bank debt of International Power's North American entities, which amounted to USD 1,125 million at the transaction date. These repayments were made out of available cash and therefore had no impact on net debt.

14.3.3 Debt/equity ratio

En millions d'euros	31 déc. 2011	31 déc. 2010
Net debt	37,601	33,039
Total equity	80,270	70,627
Dept/equity ratio	46.8%	46.8%

14.4 Fair value of financial instruments by level in the fair value hierarchy

14.4.1 Financial assets

The table below shows the allocation of financial instruments carried in assets to the different levels in the fair value hierarchy:

Fair value by level	Dec. 31, 2011				Dec. 31, 2010			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Available-for-sale securities	3,299	1,243	-	2,057	3,252	1,131	-	2,120
Loans and receivables at amortized cost used in designated fair value hedges	290	-	290	-	256	-	256	-
Loans and receivables at amortized cost (excluding trade and other receivables)	*290*	-	*290*	-	*256*	-	*256*	-
Derivative instruments	8,223	200	7,926	97	8,271	1,043	7,175	53
Derivatives hedging borrowings	*1,502*	-	*1,502*	-	*1,192*	-	*1,192*	-
Derivatives hedging commodities - relating to portfolio management activities	*3,622*	*180*	*3,359*	*83*	*2,574*	*257*	*2,267*	*51*
Derivatives hedging commodities - relating to trading activities	*2,263*	*20*	*2,229*	*14*	*4,082*	*786*	*3,294*	*2*
Derivatives hedging other items	*836*	-	*836*	-	*423*	-	*423*	-
Financial assets at fair value through income	2,572	2,371	200	-	1,555	1,317	238	-
Financial assets qualifying as at fair value through income	*2,527*	*2,371*	*156*	-	*1,511*	*1,317*	*194*	-
Financial assets designated as at fair value through income	*45*	-	*45*	-	*45*	-	*45*	-
TOTAL	**14,384**	**3,814**	**8,417**	**2,153**	**13,335**	**3,492**	**7,670**	**2,173**

A definition of these three levels is provided in Note 1.5.11.3.

Available-for-sale securities

Listed securities – measured at their market price at the end of the reporting period – are included in level 1.

Unlisted securities – 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.

At December 31, 2011, changes in level 3 available-for-sale securities can be analyzed as follows:

In millions of euros	**Available-for-sale securities**
At December 31, 2010	**2,121**
Acquisitions	70
Disposals - carrying amount excluding changes in fair value recorded in “Other comprehensive income”	(43)
Disposals - “Other comprehensive income” derecognized	(425)
Other changes in fair value recorded in equity	(43)
Changes in fair value recorded in income	(113)
Changes in scope of consolidation, foreign currency translation and other changes	490
At December 31, 2011	**2,056**
Gains and losses recorded in income relating to instruments held at the end of the period	133

Loans and receivables at amortized cost (excluding trade and other receivables)

Loans and receivables at amortized cost (excluding trade and other receivables) in a designated fair value hedging relationship are presented in level 2 in the above table. Only the interest rate component of these items is remeasured, with fair value determined by reference to observable data.

Derivative instruments

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.

Financial assets qualifying or designated as at fair value through income

Financial assets qualifying as at fair value through income for which the Group has regular net asset value data are included in level 1. If net asset values are not available on a regular basis, these instruments are included in level 2.

Financial assets designated as at fair value through income are included in level 2.

14.4.2 Financial liabilities

The table below shows the allocation of financial instruments carried in liabilities to the different levels in the fair value hierarchy:

Fair value by level	Dec. 31, 2011				Dec. 31, 2010			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings used in designated fair value hedges	9,458	-	9,458	-	8,714	-	8,714	-
Derivative instruments	8,495	89	8,049	357	7,842	992	6,782	69
Derivatives hedging borrowings	*407*	-	*407*	-	*342*	-	*332*	*10*
Derivatives hedging commodities - relating to portfolio management activities	*3,291*	*81*	*2,917*	*293*	*2,494*	*168*	*2,269*	*57*
Derivatives hedging commodities - relating to trading activities	*2,402*	*9*	*2,389*	*4*	*4,055*	*824*	*3,229*	*2*
Derivatives hedging other items	*2,396*	-	*2,335*	*60*	*951*	-	*951*	-
TOTAL	**17,953**	**89**	**17,507**	**357**	**16,556**	**992**	**15,495**	**69**

Borrowings and debt

This caption includes bonds in a designated fair value hedging relationship which are presented in level 2 in the above table. Only the interest rate component of the bonds is remeasured, with fair value determined by reference to observable data.

Derivative instruments

Please refer to the classification of derivative financial instruments in Note 14.4.1.

NOTE 15 RISKS ARISING FROM FINANCIAL INSTRUMENTS

GDF SUEZ mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in section 5, "Risk factors" of the Registration Document

In view of their power generation and international sales activities as well as their financial structure, the businesses acquired from International Power are exposed to the following financial risks:

- commodity risk: this includes risks relating to changes in prices and volumes affecting both its portfolio management and its trading activities;
- currency risk (translation risk and transaction risk): this risk arises mainly in respect of the US dollar, pound sterling and Australian dollar;
- interest rate risk: this relates to the financing of power plants;
- counterparty risk;
- liquidity risk.

The risk management, monitoring and control procedures put in place by GDF SUEZ (see section 5, "Risk factors" of the 2011 Registration Document) cover the businesses and positions of International Power that are exposed to the above risks.

Consequently, the exposures and sensitivity analyses presented in the tables below include data relating to International Power.

15.1 Market risks

15.1.1 Commodity risk

Commodity risk arises primarily from the following activities:

- portfolio management; and
- trading.

The Group has identified two types of commodity risks: price risk resulting from fluctuations in market prices, and volume risks inherent to the business.

In the ordinary course of its operations, the Group is exposed to commodity risks on gas, electricity, coal, oil and oil products, other fuels, CO_2 and other "green" products. The Group is active on these energy markets either for supply purposes or to optimize and secure its energy production chain and its energy sales. The Group also uses derivatives to offer hedging instruments to its clients and to hedge its own positions.

15.1.1.1 Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas and coal supply contracts, 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) to unlock optimum value from portfolios within a specific risk framework.

The risk framework aims to safeguard the Group's financial resources over the budget period and smooth out medium-term earnings (over three or five years, depending on the maturity of each market). It encourages portfolio managers to take out economic hedges on their portfolio.

Sensitivity analyses for portfolio management activities, as presented in the table below, are calculated based on a fixed portfolio at a given date and may not necessarily be representative of future changes in consolidated earnings and equity.

		Dec. 31, 2011		Dec. 31, 2010	
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 $US/bbl	(159)	123	(194)	269
Natural gas	+3 €/MWh	267	(77)	87	(26)
Coal	+10 $US/ton	9	48	12	35
Electricity	+5 €/MWh	(394)	17	(37)	49
Greenhouse gas emission rights	+2 €/ton	33	(2)	(41)	(6)
EUR/USD	+10%	(1)	(209)	112	(194)
EUR/GBP	+10%	(33)	(3)	34	4
GBP/USD	+10%	39	-	-	-

As options contracts are not frequently used, the sensitivity analysis is symmetrical for price increases and decreases.

15.1.1.2 Trading activities

On May 2, 2011, the Group combined the trading activities of Gaselys and Electrabel in Europe into a single dedicated unit, GDF SUEZ Trading. The purpose of this wholly-owned company is to (i) assist Group entities in optimizing their asset portfolios; (ii) create and implement energy price risk management solutions; and (iii) develop proprietary trading activities.

Revenues from trading activities totaled €227 million for the year ended December 31, 2011 (€146 million in 2010).

The use of Value at Risk (VaR) to quantify market risk arising from trading activities provides a transversal measure of risk taking all markets and products into account. VaR 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 but is back-tested on a regular basis.

The Group uses a one-day holding period and a 99% confidence interval to calculate VaR, as well as stress tests, in accordance with banking regulatory requirements.

The value-at-risk shown below corresponds to the aggregated VaR of the Group's trading entities.

Value-at-risk

In millions of euros	Dec. 31, 2011	2011 average (1)	2011 maximum (2)	2011 minimum (2)	2010 average (1)
Trading *activities*	3	4	10	1	9

(1) Average daily VaR.
(2) Based on month-end highs and lows observed in 2011.

15.1.2 Hedges of commodity risks

The Group enters into cash flow hedges and fair value hedges as defined by IAS 39, using derivative instruments (firm or options contracts) contracted over-the-counter or on organized markets.

These instruments may be settled net or involve physical delivery of the underlying.

The fair values of commodity derivatives at December 31, 2011 and December 31, 2010 are indicated in the table below:

	Dec. 31, 2011				Dec. 31, 2010			
	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	2,653	969	(2,297)	(994)	1,580	994	(1,457)	(1,037)
Cash flow hedges	*1,227*	*349*	*(710)*	*(208)*	*964*	*464*	*(837)*	*(299)*
Other derivative instruments	*1,426*	*620*	*(1,587)*	*(786)*	*616*	*531*	*(620)*	*(738)*
Derivative instruments relating to trading activities	2,263	-	(2,402)	-	4,082	-	(4,055)	-
TOTAL	**4,916**	**969**	**(4,699)**	**(994)**	**5,662**	**994**	**(5,512)**	**(1,037)**

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.

15.1.2.1 Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2011				Dec. 31, 2010			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Natural gas	268	101	(248)	(41)	289	144	(322)	(121)
Electricity	258	93	(220)	(85)	149	57	(143)	(73)
Coal	22	18	(33)	(27)	69	44	(27)	(23)
Oil	546	52	(179)	(26)	437	139	(342)	(84)
Other	133	85	(30)	(29)	20	79	(3)	2
TOTAL	**1,227**	**349**	**(710)**	**(208)**	**964**	**464**	**(837)**	**(299)**

Notional amounts and maturities of cash flow hedges are as follows:

Notional amounts (net) * *In GWh*	Total at Dec. 31, 2011	2012	2013	2014	2015	2016	Beyond 5 years
Natural gas, electricity and coal	9,651	(10,794)	20,840	(1,466)	1,071	-	-
Oil-based products	83,498	64,259	17,999	942	137	138	23
Other	-	-	-	-	-	-	-
TOTAL	**93,149**	**53,465**	**38,838**	**(524)**	**1,209**	**138**	**23**

* *Long position/(short position).*

Notional amounts (net) * *In thousands of tons*	Total at Dec. 31, 2011	2012	2013	2014	2015	2016	Beyond 5 years
Greenhouse gas emission rights	(975)	(1,080)	110	(5)	-	-	-
TOTAL	**(975)**	**(1,080)**	**110**	**(5)**	**-**	**-**	**-**

* *Long position/(short position).*

At December 31, 2011, a gain of €430 million was recognized in equity in respect of cash flow hedges, versus a gain of €238 million at end-2010. A gain of €71 million was reclassified from equity to income in 2011, compared with a loss of €223 million reclassified in 2010.

Gains and losses arising from the ineffective portion of hedges are taken to income. A gain of €20 million was recognized in income in 2011, compared with a gain of €33 million in 2010.

15.1.2.2 Other commodity derivatives

Other commodity derivatives include embedded derivatives, commodity purchase and sale contracts which were not entered into within the ordinary course of business at the statement of financial position date, and derivative financial instruments not eligible for hedge accounting in accordance with IAS 39.

15.1.3 Currency risk

The Group is exposed to currency risk, defined as the impact on its statement of financial position and income statement of fluctuations in exchange rates affecting its operating and financing activities. Currency risk comprises (i) transaction risk arising in the ordinary course of business; (ii) transaction risk specifically linked to planned investments or mergers and acquisitions; and (iii) translation risk arising on the consolidation in euros of the financial statements of subsidiaries with a functional currency other than the euro. This risk chiefly concerns the United States and assets considered to be dollar based such as Brazil, Thailand, Norway, the United Kingdom and Australia.

15.1.3.1 Analysis of financial instruments by currency

The following tables present a breakdown by currency of outstanding gross debt and net debt, before and after hedging:

OUTSTANDING GROSS DEBT

	Dec. 31, 2011		Dec. 31, 2010	
	Before hedging	After hedging	Before hedging	After hedging
Eurozone	61%	60%	61%	53%
USD	12%	16%	14%	21%
GBP	8%	4%	6%	2%
Other currencies	19%	20%	19%	24%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2011		Dec. 31, 2010	
	Before hedging	After hedging	Before hedging	After hedging
Eurozone	53%	52%	57%	45%
USD	14%	21%	16%	26%
GBP	9%	2%	6%	2%
Other currencies	24%	25%	21%	27%
TOTAL	**100%**	**100%**	**100%**	**100%**

15.1.3.2 Currency risk sensitivity analysis

Sensitivity was analyzed based on the Group's net 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 after currency hedges

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the functional 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 €43 million.

Impact on equity

For financial instruments (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 €300 million on equity. This impact is countered by the offsetting change in the net investment hedged.

15.1.4 Interest rate risk

The Group seeks to manage its borrowing costs by limiting the impact of interest rate fluctuations on its income statement. It does this by ensuring a balanced interest rate structure in the medium-term (five years). The Group's aim is therefore to use a mix 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.

In order to manage the interest rate structure for its net debt, the Group uses hedging instruments, particularly interest rate swaps and options. At December 31, 2011, the Group had a portfolio of interest rate options (caps) protecting it from a rise in short-term interest rates for the euro, US dollar and pound sterling.

15.1.4.1 Analysis of financial instruments by type of interest rate

The following tables present a breakdown by type of interest rate of outstanding gross debt and net debt before and after hedging.

OUTSTANDING GROSS DEBT

	Dec. 31, 2011		Dec. 31, 2010	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	42%	41%	41%	44%
Fixed rate	58%	59%	59%	56%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2011		Dec. 31, 2010	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	15%	12%	18%	22%
Fixed rate	85%	88%	82%	78%
TOTAL	**100%**	**100%**	**100%**	**100%**

15.1.4.2 Interest rate risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives) at the reporting date.

For interest rate risk, sensitivity corresponds to a 1% rise or fall in the yield curve compared with year-end interest rates.

Impact on income after hedging

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 leg of derivatives, would increase net interest expense by €114 million. A fall of 1% in short-term interest rates would reduce net interest expense by €139 million. The asymmetrical impacts are attributable to the low short-term interest rates (less than 1%) applicable to certain financial assets and liabilities.

In the income statement, a uniform rise of 1% in interest rates (across all currencies) would result in a gain of €252 million attributable to changes in the fair value of derivatives not documented or designated as net investment hedges. However, a fall of 1% in interest rates would generate a loss of €368 million. The asymmetrical impacts are attributable to the interest rate options 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 €439 million on equity, attributable to changes in the fair value of derivative instruments designated as cash flow hedges recognized in the statement of financial position.

15.1.4.3 Currency and interest rate hedges

The table below shows the fair values and notional amounts of financial instruments designated as currency or interest rate hedges:

Currency hedges	Dec. 31, 2011		Dec. 31, 2010	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair value hedges	404	2,221	288	1,908
Cash flow hedges	155	6,089	86	3,219
Net investment hedges	(130)	6,918	(59)	4,659
Derivative instruments not qualifying for hedge accounting	(21)	11,196	10	13,056
TOTAL	**408**	**26,424**	**325**	**22,842**

Interest rate hedges	Dec. 31, 2011		Dec. 31, 2010	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair value hedges	563	8,490	378	7,616
Cash flow hedges	(694)	7,261	(282)	5,094
Derivative instruments not qualifying for hedge accounting	(636)	20,782	(35)	19,680
TOTAL	**(766)**	**36,532**	**61**	**32,390**

The fair 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 and interest rate swaps transforming fixed-rate debt into floating-rate debt as fair value hedges.

Cash flow hedges are mainly used to hedge future foreign currency cash flows as well as floating-rate debt.

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, even though they are used as economic hedges of borrowings and foreign currency commitments. The impact on foreign currency derivatives is almost entirely offset by gains and losses on the hedged items.

Fair value hedges

At December 31, 2011, 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:

At December 31, 2011 *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Fair value of derivatives by maturity	(539)	(30)	(156)	(108)	(76)	(52)	(117)

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Fair value of derivatives by maturity	(195)	(69)	(24)	(6)	(22)	1	(75)

At December 31, 2011, gains and losses taken to equity in the period totaled €463 million.

The amount reclassified from equity to income in the period was €48 million.

The ineffective portion of cash flow hedges recognized in income represented a loss of €25 million.

Net investment hedges

The ineffective portion of net investment hedges recognized in income represented a loss of €3 million.

15.2 Counterparty risk

The Group is exposed to counterparty risk from customers, suppliers, partners, intermediaries and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations. Counterparty risk results from a combination of payment risk (failure to pay for services or deliveries carried out), delivery risk (failure to deliver services or products paid for) and the risk of replacing contracts in default (known as mark-to-market exposure – i.e., the cost of replacing the contract in conditions other than those initially agreed).

15.2.1 Operating activities

Counterparty risk arising on operating activities is managed via standard mechanisms such as third-party guarantees, netting agreements and margin calls, using dedicated hedging instruments or special prepayment and debt recovery procedures, particularly for retail customers.

The Group has defined a policy that delegates the management of these risks to the business lines, while still permitting the Group to maintain control over exposure regarding the largest counterparties.

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 formally documented, consistent methods across the Group. Consolidated exposures are monitored by counterparty and by segment (credit quality, sector, etc.) using current exposure (payment risk, MtM exposure) and potential exposure (credit VaR) indicators.

The Group's Energy Market Risk Committee (CRME) consolidates and monitors the Group's exposure to its main energy counterparties on a quarterly basis and ensures that the exposure limits set for these counterparties are respected.

Past-due trade and other receivables are analyzed below:

Trade and other receivables, net	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, 2011	1,324	285	512	2,121	1,464	20,547	24,132
At December 31, 2010	1,235	261	403	1,900	1,640	18,052	21,592

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.

In the case of commodity derivatives, counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

Counterparty risk (1) *In millions of euros*	Dec. 31, 2011 Investment grade (2)	Dec. 31, 2011 Total	Dec. 31, 2010 Investment grade (2)	Dec. 31, 2010 Total (4)
Gross exposure	5,079	5,885	7,752	8,128
Net exposure (3)	2,428	2,620	1,670	1,761
% exposure to investment grade counterparties	92.7%		94.8%	

(1) Excluding positions with a negative fair value.
(2) 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. Investment grade is also determined based on an internal rating model currently being rolled out to the Group and based on a system of counterparties.
(3) After taking into account collateral netting agreements and other credit enhancement.
(4) The difference between the amount exposed to counterparty risk and the total amount of derivatives hedging commodities under assets results from trade receivables and commodity purchase and sale contracts entered into within the ordinary course of business.

15.2.2 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) counterparty risk exposure limits.

To reduce its counterparty risk exposure, the Group drew increasingly 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.

15.2.2.1 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, 2011	6	10	24	40	412	4,891	5,343
At December 31, 2010	9	9	12	29	433	3,745	4,208

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 totaled €(380) million, €(2) million and €163 million, respectively, at December 31, 2011 (€(399) million, €(2) million, and €18 million, respectively, at December 31, 2010). Changes in these items are presented in Note 14.1.2, "Loans and receivables at amortized cost".

15.2.2.2 Counterparty risk arising from investing activities and the use of derivative financial instruments

The Group is exposed to counterparty risk arising from investments of surplus cash and from the use of derivative financial instruments.

In the case of financial instruments at fair value through income, counterparty risk arises on instruments with a positive fair value.

At December 31, 2011, total outstandings exposed to credit risk amounted to €19,755 million.

	Dec. 31, 2011				Dec. 31, 2010			
In millions of euros	Total	Investment grade (1)	Unrated (2)	Non-investment grade (2)	Total	Investment grade (1)	Unrated (1)	Non-investment grade (2)
Exposure (3)	19,755	94%	5%	1%	14,362	90%	9%	1%

(1) Counterparties rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

(2) The bulk of exposure to unrated or non-investment grade counterparties arises within consolidated companies comprising non-controlling interests, or within Group companies operating in emerging countries where cash cannot be pooled and is therefore invested locally.

(3) After collateralization agreements.

At December 31, 2011, no single counterparty represented more than 10% of cash investments.

15.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. As well as the risks inherent in managing working capital, margin calls are required in certain market activities.

The Group has set up a quarterly committee tasked with managing and monitoring liquidity risk throughout the Group, based on maintaining a broad range of investments and sources of financing, preparing forecasts of cash investments and divestments, and performing stress tests on the margin call portfolio.

The Group centralizes virtually all financing needs and cash flow surpluses of the companies it controls, as well as most of their medium- and long-term external financing requirements. Centralization is provided by financing vehicles (long-term and short-term) and by dedicated Group cash pooling vehicles based in France, Belgium and Luxembourg.

Surpluses held by these structures are managed in accordance with a uniform 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 concerned.

The onslaught of successive financial crises since 2008 and the ensuing rise in counterparty risk prompted the Group to tighten its investment policy with the aim of keeping an extremely high level of liquidity and protecting invested capital (83% of cash pooled at December 31, 2011 was invested in overnight bank deposits and standard money market funds with daily liquidity). Performance and counterparty risks are monitored on a daily basis for both investment types, allowing the Group to take immediate action where required in response to market developments.

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 Group seeks to diversify its 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.

At December 31, 2011, bank loans accounted for 38% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €28,719 million in bonds, or 54% of gross debt).

Outstanding short-term commercial paper issues represented 8% of gross debt, or €4,116 million at December 31, 2011. 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, all 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.

Available cash, comprising cash and cash equivalents, financial assets qualifying or designated as at fair value through income, less overdrafts, totaled €15,937 million at December 31, 2011.

The Group also has access to confirmed credit lines. 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 €17,191 million at December 31, 2011, of which €15,149 million was available and undrawn. 89% of total credit lines and 77% of undrawn facilities are centralized. None of these centralized facilities contains a default clause linked to covenants or minimum credit ratings.

15.3.1 Undiscounted contractual payments relating to financial activities

At December 31, 2011, undiscounted contractual payments on net debt (excluding the impact of derivatives and amortized cost) beak down as follows by maturity:

At December 31, 2011 *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Bond issues	28,719	2,522	1,314	3,138	2,872	1,636	17,236
Commercial paper	4,116	4,116	0	0	0	0	0
Drawdowns on credit facilities	2,043	506	67	421	60	417	573
Liabilities under finance leases	1,389	139	164	132	97	96	761
Other bank borrowings	15,413	2,935	1,724	2,097	1,000	904	6,754
Other borrowings	1,578	636	91	102	76	53	620
Bank overdrafts and current accounts	1,310	1,310	0	0	0	0	0
Outstanding borrowings and debt	**54,568**	**12,163**	**3,362**	**5,890**	**4,104**	**3,105**	**25,943**
Assets related to financing	(331)	(20)	(193)	(11)	(32)	(11)	63)
Financial assets qualifying or designated as at fair value through income	(2,572)	(2,572)	0	0	0	0	0
Cash and cash equivalents	(14,675)	(14,675)	0	0	0	0	0
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**36,990**	**(5,104)**	**3,168**	**5,879**	**4,072**	**3,094**	**25,880**

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
OUTSTANDING BORROWINGS AND DEBT	**45,722**	**8,210**	**4,555**	**2,922**	**5,516**	**3,564**	**20,956**
Assets related to financing, financial assets qualifying or designated as at fair value through income, and cash and cash equivalents	(13,192)	(12,871)	(12)	(185)	(11)	(32)	(81)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**32,530**	**(4,661)**	**4,543**	**2,736**	**5,505**	**3,532**	**20,874**

At December 31, 2011, undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

At December 31, 2011 *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings and debt	20,882	2,277	1,959	1,827	1,628	1,476	11,716

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings and debt	17,769	1,801	1,902	1,711	1,570	1,370	9,414

At December 31, 2011, 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, 2011 *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Derivatives (excluding commodity instruments)	(795)	203	254	(801)	47	(58)	(440)

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Derivatives (excluding commodity instruments)	214	533	(118)	32	(69)	0	(166)

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:

At December 31, 2011 *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Confirmed undrawn credit facility programs	15,149	1,199	1,060	2,452	4,470	5,689	279

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Confirmed undrawn credit facility programs	14,588	1,528	5,307	653	1,324	5,193	583

Of these undrawn programs, an amount of €4,116 million is allocated to covering issues of commercial paper.

Undrawn confirmed credit lines include a €4 billion multi-currency syndicated loan maturing in 2015 and contracted in June 2010. These facilities will be used to refinance ahead of maturity credit lines expiring in 2012. These facilities are not subject to any covenants or credit rating requirements.

At December 31, 2011, no single counterparty represented more than 5% of the Group's confirmed undrawn credit lines.

15.3.2 Undiscounted contractual payments relating to operating activities

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 statement of financial position date.

Liquidity risk *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(3,357)*	*(2,334)*	*(524)*	*(216)*	*(98)*	*(92)*	*(93)*
relating to trading activities	*(2,390)*	*(2,390)*					
Derivative instruments carried in assets							
relating to portfolio management activities	*3,658*	*2,668*	*671*	*189*	*55*	*33*	*43*
relating to trading activities	*2,255*	*2,255*					
TOTAL AT DECEMBER 31, 2011	**166**	**199**	**146**	**(27)**	**(43)**	**(59)**	**(50)**

Liquidity risk *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(2,495)*	*(1,647)*	*(622)*	*(116)*	*(35)*	*(23)*	*(52)*
relating to trading activities	*(4,062)*	*(4,062)*					
Derivative instruments carried in assets							
relating to portfolio management activities	*2,599*	*1,624*	*651*	*228*	*32*	*20*	*44*
relating to trading activities	*4,098*	*4,098*					
TOTAL AT DECEMBER 31, 2010	**140**	**14**	**29**	**113**	**(3)**	**(4)**	**(9)**

The Group provides an analysis of residual contractual maturities for 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.

15.4 Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their business, some Group operating companies entered 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 the Global Gas & LNG, Energy France and Energy Europe & International business lines (expressed in TWh):

In TWh	Total at Dec. 31, 2011	2012	2013-2016	Beyond 5 years	Total at Dec. 31, 2010
Firm purchases	(10,005)	(983)	(3,059)	(5,963)	(11,013)
Firm sales	2,099	487	686	926	2,115

15.5 Equity risk

At December 31, 2011, available-for-sale securities held by the Group amounted to €1,243 million (see Note 14.1.1).

A fall of 10% in the market price of listed shares would have a negative impact (before tax) of around €124 million on the Group's comprehensive income.

The Group's main unlisted security corresponds to its interest in Flemish inter-municipal companies, which is measured by reference to the regulated asset base.

The Group's portfolio of listed and unlisted securities is managed within the context of a specific investment procedure and its performance is reported on a regular basis to Executive Management.

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, 2009	2,260,976,267	(45,114,853)	2,215,861,414	2,261	30,590	(1,644)
Share issuances	26,217,490		26,217,490	26	471	
Share cancelations	(36,898,000)	36,898,000	0	(37)	(1,378)	1,415
Purchases and disposals of treasury stock		(17,637,311)	(17,637,311)			(436)
At December 31, 2010	2,250,295,757	(25,854,164)	2,224,441,593	2,250	29,683	(665)
Share issuances	2,340,451		2,340,451	2	33	
Purchases and disposals of treasury stock		(13,029,330)	(13,029,330)			(264)
AT DECEMBER 31, 2011	**2,252,636,208**	**(38,883,494)**	**2,213,752,714**	**2,253**	**29,715**	**(930)**

Changes in the number of shares during 2011 result from:

- the exercise of stock subscription options (2.3 million shares, see Note 23.1.1);
- net acquisitions of shares carried out under the Group's stock repurchase program (see Note 16.3), including 6.7 million shares purchased in connection with the liquidity agreement and 6.3 million shares purchased in connection with new stock purchase or bonus share plans.

Changes in the number of shares during 2010 resulted from:

- employee share issuances as part of the worldwide employee share plan baptized "LINK 2010" (see Note 23.2). In all, 24.2 million shares were subscribed in addition to 0.5 million shares awarded at no consideration, bringing the total value of the August 24, 2010 capital increase to €478 million (excluding issuance costs);
- the exercise of stock subscription options (1.5 million shares);
- the cancellation of all of the 36,898,000 treasury shares held at end-December 2009, decided by the Board of Directors on August 9, 2010.

16.2 Potential share capital and instruments providing a right to subscribe for new GDF SUEZ SA shares

Instruments providing a right to subscribe for new GDF SUEZ SA shares consist solely of stock subscription options awarded by the Group to its employees and corporate officers. Stock subscription plans in force at December 31, 2011 are described in Note 23.1.1, "Details of stock option plans in force". The maximum number of new shares that could be created if these options were to be exercised was 22.6 million at December 31, 2011.

Shares to be allocated under bonus share and Performance Share award plans (described in Note 23.3, "Bonus shares and Performance Shares") will be covered by existing GDF SUEZ SA shares.

16.3 Treasury stock

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 2, 2011. This program provides for the repurchase of up to 10% of the shares comprising the share capital of GDF SUEZ SA at the date of said shareholders' Meeting. The aggregate amount of acquisitions net of expenses under the program may not exceed the sum of €12 billion, and the purchase price must be less than €55 per share.

At December 31, 2011, the Group held 38.9 million treasury shares, of which 32.2 million were held to cover the Group's share commitments to employees and corporate officers, and 6.7 million were held in connection with the liquidity agreement.

The Company has entered into a liquidity agreement with an investment services provider. Under this agreement, 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 agreement concerns a total of €300 million. The number of shares that may be purchased in connection with the liquidity agreement may not exceed 22,500,000.

16.4 Other disclosures concerning additional paid-in capital and consolidated reserves

Total additional paid-in capital and consolidated reserves at December 31, 2011 (including net income for the year) amounted to €60,920 million, of which €226 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. Consolidated reserves also include cumulative actuarial differences, which represented losses of €1,423 million at December 31, 2011 (losses of €829 million at December 31, 2010) and deferred taxes on these actuarial differences, amounting to €449 million at end-2011 (€236 million at end-2010).

The distributable paid-in capital and reserves of GDF SUEZ SA totaled €43,602 million at December 31, 2011 (€44,509 million at December 31, 2010).

16.5 Dividends

The table below shows the dividends and interim dividends paid by GDF SUEZ SA in 2009, 2010 and 2011.

	Amount distributed *(in millions of euros)*	**Net dividend per share** *(in euros) (cash dividends)*
In respect of 2009		
Remaining dividend payout for 2009 (paid May 10, 2010)	1,484	0.67
In respect of 2010		
Interim dividend (paid November 15, 2010)	1,846	0.83
Remaining dividend payout for 2010 (paid May 9, 2011)	1,490	0.67
In respect of 2011		
Interim dividend (paid November 15, 2011)	1,838	0.83

Recommended dividend for 2011

Shareholders at the shareholders' Meeting convened to approve the Group's financial statements for the year ended December 31, 2011, will be asked to approve a dividend of €1.50 per share, representing a total payout of €3,321 million based on the number of shares outstanding at December 31, 2011. An interim dividend of €0.83 per share was paid on November 15, 2011, representing a total amount of €1,838 million.

Subject to approval by the shareholders' Meeting, this dividend shall be paid from April 30, 2012 and is not recognized as a liability in the accounts at December 31, 2011. The consolidated financial statements at December 31, 2011 are therefore presented before the appropriation of earnings.

16.6 Total gains and losses recognized in equity (Group share)

In millions of euros	Dec. 31, 2011	Change	Dec. 31, 2010	Change	Dec. 31, 2009
Available-for-sale financial assets	185	(462)	646	(119)	765
Net investment hedges	(27)	(58)	31	(63)	95
Cash flow hedges (excl. commodity instruments)	(283)	(86)	(196)	11	(207)
Commodity cash flow hedges	677	334	342	445	(103)
Deferred tax on items above	(153)	(103)	(50)	(144)	95
Share of associates in recyclable items, net of taxes	(159)	(185)	27	48	(22)
Translation adjustments	447	(75)	522	877	(355)
TOTAL RECYCLABLE ITEMS	**687**	**(636)**	**1,323**	**1,054**	**268**
Actuarial gains and losses	(1,393)	(644)	(748)	(479)	(269)
Deferred tax on actuarial gains and losses	447	213	235	149	86
Share of associates in non-recyclable items and actuarial gains and losses, net of taxes	(29)	46	(75)	(14)	(61)
TOTAL NON-RECYCLABLE ITEMS	**(974)**	**(385)**	**(588)**	**(344)**	**(244)**
TOTAL	**(287)**	**(1,021)**	**734**	**710**	**24**

The "change" column mainly includes gains and losses recorded over the period (see Statement of comprehensive income), and impacts of changes in the scope of consolidation.

All of the items shown in the table above may be reclassified to income in subsequent periods except actuarial gains and losses, which are shown within consolidated reserves attributable to the Group.

Translation adjustments reclassified to income in the period related to the sale of GDF SUEZ LNG Liquefaction (€8 million) and to the sale of interests in EFOG (€20 million).

16.7 Non-controlling interests

In 2011, the Group acquired a 69.78% controlling interest in International Power plc. The "non-controlling interests" acquired as a result of this transaction amounted to €6,303 million at the acquisition date.

China Investment Corporation ("CIC") acquired a non-controlling interest of 30% in the Group's Exploration & Production business ("GDF SUEZ E&P"). As a result of this transaction, an amount of €1,341 million was recognized in "Non-controlling interests" at the acquisition date.

Lastly, the public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts acquired a 25% non-controlling interest in GRTgaz. The consortium's non-controlling interest amounted to €923 million at the transaction date.

These transactions are described in further detail in Note 2, "Main changes in Group structure".

In 2010, SUEZ Environnement Company issued €750 million in deeply-subordinated, perpetual "hybrid" notes (excluding issuance costs). These notes are subordinated to all senior creditors, and have an initial fixed coupon of 4.82% for the first five years.

As the notes are equity instruments, the proceeds of the issuance, less issuance costs net of tax, are recognized under "Non-controlling interests" within equity.

16.8 Capital management

GDF SUEZ looks 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 (see Note 16.3, "Treasury stock), 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.

NOTE 17 PROVISIONS

In millions of euros	Dec. 31, 2010	Additions	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2011
Post-employment benefits and other long-term benefits	4,362	260	(385)	(2)	188	210	5	570	5,209
Nuclear fuel reprocessing and storage	3,936	106	(20)	0	0	196	0	0	4,218
Dismantling of plant and equipment *	2,840	2	(8)	(2)	0	140	(8)	(23)	2,941
Site rehabilitation	1,362	45	(64)	(7)	33	49	9	108	1,536
Other contingencies	1,969	772	(539)	(144)	267	8	4	(58)	2,279
TOTAL PROVISIONS	**14,469**	**1,184**	**(1,016)**	**(155)**	**488**	**604**	**11**	**596**	**16,183**

* *Of which €2,532 million in provisions for dismantling nuclear facilities at December 31, 2011, versus €2,413 million at December 31, 2010.*

The "Changes in scope of consolidation" column chiefly reflects the impacts of the International Power acquisition (see Note 2, "Main changes in Group structure").

The impact of unwinding discounting 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.

The "Other" column mainly reflects (i) actuarial gains and losses arising on post-employment benefits in 2011 and recorded in other comprehensive income; and (ii) the increase in provisions for site rehabilitation in the Exploration & Production business, for which the matching entry is recorded in property, plant and equipment.

Allocations, reversals and the impact of unwinding discounting adjustments are presented as follows in the consolidated income statement:

In millions of euros	Dec. 31, 2011 Net allocations
Income from operating activities	2
Other financial income and expenses	604
Income tax expense	12
TOTAL	**617**

The different types of provisions and the calculation principles applied are described below.

17.1 Post-employment benefits and other long-term benefits

See Note 18.

17.2 Liabilities for nuclear power generation activities

In the context of its nuclear power generation activities, the Group assumes obligations 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 Commission for Nuclear Provisions set up pursuant to the above-mentioned law is to oversee the process of computing and managing these provisions. The Commission 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 Commission for Nuclear Provisions 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 measure these provisions.

On September 22, 2010, Synatom submitted its triennial report on nuclear provisions to the Commission for Nuclear Provisions. In comparison with the previous report, core inputs such as estimation methods, financial parameters and management scenarios remained unchanged. The changes taken into account were aimed at incorporating the latest economic data and detailed technical analyses (tariffs, physical and radiological inventories, etc.).

For the purpose of its review of the 2010 report, the Commission for Nuclear Provisions asked for two additional analyses in 2011. These were provided by the Group on November 22, 2011. The Commission accepted the arguments and additional information provided by Synatom.

The acceptance of the Commission for Nuclear Provisions results in a decrease in the present value of the obligation for managing radioactive fissile material. However, in the light of recent changes of the nuclear context, and more particularly due to additional constraints evoked in terms of resistance testing of fuel storage facilities, to date the total amount of the provision has not been changed (exception made for recurring changes related to the unwinding effect and to the fuel used during the year). Taking account of the above, the adjustment at December 31, 2011 would not have been material.

The provisions set aside 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 costs estimates used as a basis for the calculations could vary. However, the Group is not aware of additional planned legislation on this matter which could materially impact the value of the provisions.

The provisions recognized by the Group at December 31, 2011 were measured taking into account the prevailing contractual and legal framework, which sets the operating life of nuclear reactors at 40 years (as in 2010).

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.

However, the new Belgian government which was formed at the end of 2011, confirmed during its statement of policy and in its general policy note submitted to the Belgian Chamber of Representatives on January 5, 2012, that it did not intend to revise existing legislation so as to allow the lifespan of the Doel 1, Doel 2 and Tihange 1 nuclear power plants to be extended by ten years (from 40 to 50 years). By mid-2012, the Secretary of State for Energy will draw up a development plan for new diversified production capacities in order to credibly ensure the security of electricity supply in the country for the short, medium and long term. The closure dates of the nuclear plants will be specified depending on the precise and detailed implementation agenda of the new capacities.

Any extension to the lifespan of the three nuclear reactors concerned by the 2009 agreement entered into with the previous government should not have a material impact on the dismantling provisions. The postponed dismantling operations lead to a less-than-optimal coordination compared to the dismantling of all facilities. This effect is however offset by the deferred effect of cash outflows. The changes to these provisions – subject to certain conditions – would accordingly be recognized against to the corresponding assets.

Provisions for nuclear fuel reprocessing and storage should not be significantly affected by the extension to the lifespan of the three oldest reactors since the average unit cost of reprocessing all radioactive spent nuclear fuel until the end of the operating period does not change materially.

17.2.2 Provisions for nuclear fuel reprocessing and storage

When spent nuclear fuel is removed from a reactor, it remains radioactive and requires reprocessing. Two different procedures for managing radioactive spent fuel exist, being either reprocessing or conditioning without reprocessing. The Belgian government has not yet decided which scenario will be made compulsory in Belgium.

The Commission for Nuclear Provisions bases its analyses on reprocessing of radioactive spent nuclear fuel. The Group therefore measures these provisions using all the costs linked to this reprocessing scenario, including on-site storage, transportation, reprocessing by an accredited facility, storage and removal of residual spent fuel after reprocessing.

Provisions for nuclear fuel reprocessing and storage are calculated based on the following principles and parameters:

- costs are calculated based on a reprocessing scenario, with operations expected to start in 2016, whereby the spent fuel is reprocessed and ultimately removed and buried in a deep geological depository. Plutonium recovered through the reprocessing will be recycled to produce MOX fuel assemblies for use in the Belgian nuclear power plants until their closure and for the sale to third parties thereafter;
- cash outflows will be spread on a period to 2060. At that date 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 reprocessing scenario, the last residual spent fuel would be buried in about 2080;
- the long-term obligation is assessed using estimated internal and external costs based on offers received from third parties or fee proposals from independent organizations;
- the 5% discount rate (actual rate of 3% and 2% inflation rate) is based on an analysis of the average, past and prospective changes in the benchmark long-term rates;
- allocation to the provision is computed based on the average unit cost of quantities used up to the end of the operating life of the plants;
- an annual allocation is also recognized with respect to the unwinding effect of the provision.

Due to the nature and term of payment, the costs effectively incurred in the future may differ from the 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 to date and which have been approved by the Commission for Nuclear Provisions.

17.2.3 Provisions for dismantling nuclear facilities

Nuclear power stations have to be dismantled at the end of their operating life. 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, and is the same as the rate used to calculate the provision for nuclear fuel processing and storage;
- 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;
- cash outflows are spread over approximately 9 to 13 years after the date the dismantling work has started;
- 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 allocation 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.

Provisions are also recognized at the Group's share of the expected dismantling costs for the nuclear facilities in which the Group has drawing rights.

17.2.4 Sensitivity

Based on currently applicable parameters in terms of estimated costs and the timing of cash outflows, a change of 50 basis points in the discount rate could lead to an adjustment of around 10% in dismantling and nuclear fuel reprocessing and storage 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 the comprehensive income, since the matching entry under certain conditions would consist of adjusting accordingly the corresponding assets.

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 – included in the evaluation. The frequency with which these provisions are reviewed by the Commission for Nuclear Provisions 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 and LNG terminals, 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.

Based on revised estimates of proven and probable reserves using current production levels (another 250 years according to the International Energy Agency), in 2010 the Group revised the timing of its dismantling provisions for gas infrastructures in France. These provisions, whose present value is now virtually zero, have been reversed (see Note 5.5, "Other non-recurring items").

17.4 Site rehabilitation

17.4.1 Waste activities

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 over 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 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).

17.4.2 Exploration & Production activities

The Group also sets aside a provision for its obligations in terms of rehabilitating exploration and production facilities.

The provision reflects the present value of the estimated rehabilitation costs until the operating activities are completed. This provision is computed based on the Group's internal assumptions regarding estimated rehabilitation costs and the timing of the rehabilitation work. The timing of the rehabilitation work used as the basis for the provision may vary depending on the time when production is considered no longer economically viable. This consideration is itself closely related to fluctuations in future gas and oil prices.

The provision is recognized with a matching entry to property, plant and equipment.

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 26, "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

Since January 1, 2005, the CNIEG (*Caisse Nationale des Industries Électriques et Gazières*) has operated the pension, disability, death, occupational accident and occupational illness benefit plans for electricity and gas industry (hereinafter "EGI") companies in France. 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 affiliated Group entities are GDF SUEZ SA, GrDF, GRTgaz, Elengy, Storengy, GDF SUEZ Thermique France, CPCU, TIRU, GEG, Compagnie Nationale du Rhône (CNR) and SHEM.

Following the funding reform of the special EGI pension scheme introduced by Act No. 2004-803 of August 9, 2004 and its implementing decrees, specific benefits (pension benefits on top of the standard benefits payable under ordinary law) already vested at December 31, 2004 ("past specific benefits") were allocated between the various EGI entities. Past specific benefits (benefits vested at December 31, 2004) relating to regulated transmission and distribution businesses ("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 (benefits vested at December 31, 2004) are funded by EGI sector entities to the extent defined by decree No. 2005-322 of April 5, 2005. The specific benefits vested under the scheme since January 1, 2005 are wholly financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured by total payroll costs.

As this plan represents a defined benefit scheme, the Group has set aside a pension provision in respect of specific benefits payable to employees of unregulated activities and specific benefits vested by employees of regulated activities since January 1, 2005. This provision also covers the Group's early retirement obligations.

Following the pension reform in France published in the Official Journal on November 10, 2010, there will be a gradual two-year rise in the legal retirement age under the special EGI pension scheme as from January 1, 2017, based on an increase of four months each year to reach 62 years on January 1, 2022 for employees in "sedentary occupations having completed 15 years of active service. The period during which employees pay in contributions to be eligible for a full pension was increased to 41.5 years under the special EGI regime as from January 1, 2020.

Pension benefit obligations and other "mutualized" obligations are assessed by the CNIEG.

At December 31, 2011, the projected benefit obligation in respect of the special pension scheme for EGI sector companies amounted to €2.3 billion (€2.1 billion at December 31, 2010).

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), Laborelec and some GDF SUEZ Belgium 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 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.

The projected benefit obligation relating to these plans represented around 12% of total pension obligations and related liabilities at December 31, 2011.

"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, the 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. The actual rate of return was compared with the guaranteed minimum rate of return; the unfunded portion was not material at December 31, 2011.

An expense of €16 million was recognized in 2011 in respect of these defined contribution plans.

18.1.3 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.

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.

An expense of €78 million was recognized in 2011 in respect of multi-employer pension plans.

18.1.4 Other pension schemes

Most other Group companies grant their employees retirement benefits. In terms of financing, pension plans within the Group 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 United Water defined benefit plan is available to employees of the regulated sector. All US subsidiaries offer their employees a 401(k) type defined contribution plan;
- United Kingdom: the large majority of defined benefit pension plans are now closed to new entrants and benefits no longer vest under these plans. All entities run a defined contribution scheme. The pension obligations of International Power's subsidiaries in the UK are covered by the special Electricity Supply Pension Scheme (ESPS). The assets of this defined benefit scheme are invested in separate funds. Since June 1, 2008, the scheme has been closed to new entrants. A defined contribution plan was set up for those concerned. The rights of employees recruited before June 1, 2008 continue to vest under this plan;
- Germany: the Group's German subsidiaries have closed their defined benefit plans to new entrants and now offer defined contribution plans;
- Brazil: Tractebel Energia operates its own pension scheme. This scheme has been split into two parts, one for the (closed) defined benefit plan, and the other for the defined contribution plan that has been available to new entrants since the beginning of 2005.

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

Other benefits granted to EGI sector employees are:

Post-employment benefits:

- reduced energy prices;
- end-of-career indemnities;
- bonus leave;
- immediate bereavement benefits.

Long-term benefits:

- allowances for occupational accidents and illnesses;
- temporary and permanent disability allowances;
- long-service awards.

The Group's main obligations are described below.

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 retired employees, this provision represents a post-employment defined benefit. Retired employees are only entitled to the reduced rate if they have completed at least 15 years' service within EGI sector companies.

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.

The provision set aside in respect of reduced energy prices amounts to €1.7 billion.

18.2.1.2 End-of-career indemnities

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

EGI sector employees are entitled to compensation for accidents at work and 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 benefits granted to employees of the gas and electricity sector in Belgium

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 prefunded, with the exception of the special "allocation transitoire termination indemnity (equal to three months' statutory pension), considered as an end-of-career indemnity and managed by an external insurance company.

18.2.3 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 Amounts presented in the statement of financial position and statement of comprehensive income

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, and any unrecognized past service cost. A provision is recognized if this difference is positive (net obligation), while a prepaid benefit cost is recorded in the statement of financial position when the difference is negative, provided that the conditions for recognizing the prepaid benefit cost are met.

Changes in provisions for post-employment benefits and other long-term benefits, plan assets and reimbursement rights recognized in the statement of financial position are as follows:

In millions of euros	Provisions	Plan assets	Reimbursement rights
AT DECEMBER 31, 2009	(3,862)	196	143
Exchange rate differences	(32)	(0)	
Changes in scope of consolidation and other	94	(94)	
Actuarial gains and losses	(523)	18	(5)
Periodic pension cost	(445)	(4)	7
Asset ceiling/IFRIC 14	1	1	
Contributions/benefits paid	405	6	(3)
AT DECEMBER 31, 2010	(4,362)	122	142
Exchange rate differences	(7)	0	
Changes in scope of consolidation and other	(86)	(116)	
Actuarial gains and losses	(752)	(0)	(17)
Periodic pension cost	(525)	2	6
Asset ceiling/IFRIC 14		(0)	
Contributions/benefits paid	523	6	(4)
AT DECEMBER 31, 2011	**(5,209)**	**13**	**128**

Plan assets and reimbursement rights are presented in the statement of financial position under "Other non-current assets" or "Other current assets".

The cost recognized for the period in the income statement amounts to €523 million in 2011 and €449 million in 2010. The components of this defined benefit cost in the period are set out in Note 18.3.4, "Components of the net periodic pension cost".

Cumulative actuarial gains recognized in equity amounted to €1,615 million at December 31, 2011, compared to €892 million at December 31, 2010.

In millions of euros	2011	2010
At January 1	892	376
Actuarial (gains)/losses generated during the year	723	516
AT DECEMBER 31	**1,615**	**892**

Actuarial gains and losses presented in the above table include translation adjustments and actuarial gains and losses recorded on equity-accounted associates, representing net actuarial gains of €30 million in 2011 and net actuarial losses of €11 million in 2010. Net actuarial differences arising in the period and presented on a separate line in the statement of comprehensive income represented a net actuarial loss totaling €752 million in 2011 and €500 million in 2010. The €500 million net actuarial loss in 2010 included an actuarial loss of €133 million resulting from the impact of the pension reform law in France published in the Oficial Journal on November 10, 2010. The Group had considered that the changes in the pension obligation resulting from these measures (increase in the retirement age and the pay-in period) represented changes in actuarial assumptions.

18.3.2 Change in benefit obligations and plan assets

The table below shows the amount of the Gr oup's projected benefit obligations and plan assets, changes in these items during th e periods presented, and their reconciliation with the amounts reported in the statement of financial position:

		Dec. 31, 2011				Dec. 31, 2010			
In millions of euros		Pension benefit obligations [(a)]	Other post-employment benefit obligations [(b)]	Long-term benefit obligations [(c)]	Total benefit obligations	Pension benefit obligations [(a)]	Other post-employment benefit obligations [(b)]	Long-term benefit obligations [(c)]	Total benefit obligations
A - CHANGE IN PROJECTED BENEFIT OBLIGATION									
Projected benefit obligation at January 1		(6,130)	(2,037)	(508)	(8,675)	(5,502)	(1,659)	(465)	(7,626)
Service cost		(249)	(59)	(51)	(359)	(212)	(24)	(39)	(274)
Interest cost		(318)	(96)	(23)	(437)	(293)	(81)	(22)	(396)
Contributions paid		(16)			(16)	(11)			(11)
Amendments		3	(1)		2	(1)			(1)
Acquisitions/disposals of subsidiaries		(349)	(43)	(2)	(394)	(187)	2	1	(184)
Curtailments/settlements		19	1	1	21	208	1	1	209
Non-recurring items		(3)	(3)		(6)	41	(5)		35
Actuarial gains and losses		(287)	(299)	3	(584)	(402)	(349)	(34)	(785)
Benefits paid		390	122	56	569	351	83	53	486
Other (translation adjustments)		(2)	(4)	1	(5)	(121)	(4)	(3)	(128)
Projected benefit obligation at December 31	A	(6,942)	(2,418)	(524)	(9,884)	(6,130)	(2,037)	(508)	(8,675)
B - CHANGE IN FAIR VALUE OF PLAN ASSETS									
Fair value of plan assets at January 1		4,399	47	0	4,447	3,934	39	0	3,973
Expected return on plan assets		243	3		247	205	3		208
Actuarial gains and losses		(157)	(9)		(166)	240	7		247
Contributions received		318	24		342	262	21		283
Acquisitions/disposals of subsidiaries		191			191	188	(5)		184
Settlements		(2)			(2)	(198)			(198)
Benefits paid		(343)	(24)		(367)	(327)	(21)		(348)
Other (translation adjustments)		(3)	1		(2)	95	3		98
Fair value of plan assets at December 31	B	4,648	44	0	4,691	4,399	47	0	4,447
C - FUNDED STATUS	A+B	(2,295)	(2,375)	(524)	(5,193)	(1,730)	(1,990)	(508)	(4,228)
Unrecognized past service cost		7	(8)		(1)		(11)		(11)
Asset ceiling *			(1)		(1)				0
NET BENEFIT OBLIGATION		(2,288)	(2,384)	(524)	(5,195)	(1,730)	(2,001)	(508)	(4,239)
ACCRUED BENEFIT LIABILITY		**(2,301)**	**(2,384)**	**(524)**	**(5,209)**	**(1,853)**	**(2,001)**	**(508)**	**(4,362)**
PREPAID BENEFIT COST		**13**			**13**	**122**	**0**		**122**

* *Including additional provisions set aside on application of IFRIC 14.*

(a) *Pensions and retirement bonuses.*

(b) *Reduced energy prices, healthcare, gratuities and other post-employment benefits.*

(c) *Length-of-service awards and other long-term benefits.*

Changes in the scope of consolidation in 2011 chiefl y concerned the acquisition of International Power (€165 million).

The amount recorded within “Non-recurring items” in 2010 mainly reflects the write-back of the pr ovision set aside at end-2005 in connection with the review clause and no longer warranted.

18.3.3 Change in reimbursement rights

Changes in the fair value of the reimbursement rights relating to plan assets managed by Contassur were as follows:

In millions of euros	2011	2010
Fair value at January 1	142	143
Expected return on plan assets	6	7
Actuarial gains and losses	(17)	(5)
Actual return	(11)	2
Employer contributions	14	18
Employee contributions	2	2
Acquisitions/disposals excluding business combinations		
Curtailments		
Benefits paid	(20)	(22)
FAIR VALUE AT DECEMBER 31	**128**	**142**

18.3.4 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2011 and 2010 breaks down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Current service cost	359	274
Interest cost	437	396
Expected return on plan assets	(246)	(208)
Actuarial gains and losses *	(2)	34
Past service cost	(12)	(1)
Gains or losses on pension plan curtailments, terminations and settlements	(19)	(11)
Non-recurring items	6	(35)
TOTAL	**523**	**449**
o/w recorded in current operating income	333	261
o/w recorded in net financial income/(loss)	191	188

* *On long-term benefit obligation.*

18.3.5 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 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.

The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

In millions of euros	Projected benefit obligation	Fair value of plan assets	Unrecognized past service cost	Asset ceiling *	Total net obligation
Underfunded plans	(6,373)	4,464	(5)		(1,914)
Overfunded plans	(215)	227	(0)	(1)	10
Unfunded plans	(3,297)		5		(3,292)
AT DECEMBER 31, 2011	**(9,885)**	**4,691**	**(1)**	**(1)**	**(5,195)**
Underfunded plans	(5,308)	4,086	(15)		(1,237)
Overfunded plans	(345)	361	(2)	(1)	14
Unfunded plans	(3,023)	0	7		(3,016)
AT DECEMBER 31, 2010	(8,676)	4,447	(10)	(1)	(4,239)

* *Including additional provisions set aside on application of IFRIC 14.*

The allocation of plan assets by principal asset category can be analyzed as follows:

	2011	2010
Equities	29%	28%
Bonds	50%	52%
Real estate	4%	3%
Other (including money market securities)	17%	18%
TOTAL	**100%**	**100%**

18.3.6 Actuarial assumptions

Actuarial assumptions are determined individually by country and company in conjunction with independent actuaries. Weighted discount rates are presented below:

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
	2011	2010	2011	2010	2011	2010	2011	2010
Discount rate	4.5%	4.8%	4.1%	4.8%	4.0%	4.8%	4.4%	4.8%
Estimated future increase in salaries	3.0%	3.0%	N/A	N/A	2.7%	2.7%	2.8%	2.8%
Expected return on plan assets	5.8%	5.9%	7.2%	5.9%	N/A	N/A	5.9%	5.9%
Average remaining working years of participating employees	14 years	13 years	15 years	15 years	15 years	15 years	14 years	13 years

18.3.6.1 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 term of the plan.

The discount rates used for EUR are based on the Bloomberg indexes for 10-, 15-, and 20-year bonds issued by AA-rated companies. The discount rates used for GBP are extrapolated from the yield on government bonds and the spread between government bonds and bonds issued by AA-rated companies.

According to the Group's estimates, a 1% increase or decrease in the discount rate would result in a change of approximately 13% in the obligations.

18.3.6.2 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 geographic area.

The return on plan assets relating to Group companies in Belgium in 2011 was around 5% for assets managed by Group insurance companies and 2% for assets managed by pension funds.

The return on plan assets for companies eligible for the EGI pension scheme was a negative 1% in 2011.

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 1% in the value of plan assets.

The table below shows the weighted average return on plan assets broken down by asset category:

	2011	2010
Equities	6.3%	7.1%
Bonds	3.4%	5.1%
Real estate	5.3%	6.4%
Other (including money market securities)	2.4%	2.6%
TOTAL	**4.1%**	**5.9%**

18.3.6.3 Other assumptions

The rate of increase in medical costs (including inflation) was estimated at 2%.

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	5	(4)
Impact on pension obligations	56	(44)

18.3.7 Experience adjustments

The breakdown of experience adjustments giving rise to actuarial gains and losses is as follows:

	2011		2010		2009		2008		2007	
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	Pension benefit obligations	Other benefit obligations
Projected benefit obligation at December 31	(6,942)	(2,942)	(6,130)	(2,545)	(5,502)	(2,124)	(5,634)	(2,187)	(4,066)	(713)
Fair value of plan assets	4,648	44	4,399	47	3,934	39	3,831	40	2,452	47
Surplus/deficit	(2,295)	(2,899)	(1,730)	(2,498)	(1,568)	(2,085)	(1,803)	(2,147)	(1,614)	(666)
Experience adjustments to projected benefit obligation	127	167	236	115	(5)	(15)	(95)	12	(12)	(62)
As a % of the total	*-2%*	*-6%*	*-4%*	*-5%*	*0%*	*1%*	*2%*	*-1%*	*0%*	*9%*
Experience adjustments to fair value of plan assets	(157)	(9)	250	7	176	2	528	12	(9)	1
As a % of the total	*-3%*	*-20%*	*5%*	*15%*	*4%*	*6%*	*14%*	*29%*	*0%*	*3%*

18.3.8 Geographical breakdown of net obligations

In 2011, the geographical breakdown of the main obligations and actuarial assumptions (weighted average rates) was as follows:

	Eurozone			United Kingdom			United States			Rest of the world		
In millions of euros	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations
Net benefit obligations	(1,810)	(2,226)	(503)	(125)		(1)	(102)	(55)		(251)	(102)	(20)
Discount rate	3.9%	4.0%	3.9%	4.9%		4.8%	5.2%	5.3%		6.5%	4.5%	4.0%
Estimated future increase in salaries	2.7%		2.6%	4.3%			3.1%			3.5%		4.8%
Expected return on plan assets	5.1%			5.4%			7.2%	8.5%		7.8%		
Average remaining working years of participating employees	15	16	16	20		15	13	14		9	14	12

18.3.9 Estimated employer contributions payable in 2012 under defined benefit plans

The Group expects to pay ar ound €239 million in contributions into its defined benefit plans in 2012, including €78 million for EGI sector companies. Annual contributions in r espect of EGI sector companies will be made by r eference 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 2011, the Gr oup recorded a €122 million charge in r espect of amounts paid into Group defined contribution plans (€113 million in 2010). 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 break down into the following three categories: Exploration & Production licenses, presented under "Intangible assets" in the statement of financial position, fields under development, shown under "Assets in development phase", and fields in production, shown under "Assets in production phase", which are included in "Property, plant and equipment" in the statement of financial position.

In millions of euros	Licenses	Assets in development phase	Assets in production phase	Total
A. GROSS AMOUNT				
At December 31, 2009	**778**	**1,420**	**5,827**	**8,025**
Changes in scope of consolidation				
Acquisitions	286	387	89	762
Disposals			(28)	(28)
Translation adjustments	19	46	160	225
Other	17	(1,422)	1,291	(114)
At December 31, 2010	**1,101**	**431**	**7,339**	**8,870**
Changes in scope of consolidation		(40)	(451)	(491)
Acquisitions	30	377	263	670
Disposals				
Translation adjustments	22	10	46	79
Other	(3)	(121)	148	24
AT DECEMBER 31, 2011	**1,149**	**658**	**7,345**	**9,151**
B. ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT				
At December 31, 2009	**(262)**	**(4)**	**(1,051)**	**(1,317)**
Changes in scope of consolidation				
Disposals				
Amortization, depreciation and impairment	(85)		(745)	(830)
Translation adjustments	(8)		(20)	(28)
Other		4		4
At December 31, 2010	**(355)**	**0**	**(1,816)**	**(2,170)**
Changes in scope of consolidation			165	165
Disposals				
Amortization, depreciation and impairment	(20)		(868)	(888)
Translation adjustments	(7)		(19)	(26)
Other		(3)	16	12
AT DECEMBER 31, 2011	**(382)**	**(3)**	**(2,522)**	**(2,907)**
C. CARRYING AMOUNT				
At December 31, 2010	**746**	**432**	**5,523**	**6,700**
AT DECEMBER 31, 2011	**767**	**655**	**4,823**	**6,244**

Acquisitions in 2011 mainly include an additional interest acquired in the Njord field (€112 million) and developments carried out in the year on the Gudrun site (€145 million) and the Gjøa platform (€96 million) in Norway.

The “Changes in scope of consolidation” line corresponds to the sale of EFOG.

19.2 Capitalized exploration costs

The following table provides a breakdown of the net change in capitalized exploration costs:

In millions of euros	2011	2010
At January 1	272	75
Changes in scope of consolidation		
Capitalized exploration costs for the year	241	206
Amounts recognized in expenses for the period	(73)	(63)
Other	(40)	54
AT DECEMBER 31	**400**	**272**

Capitalized exploration costs are reported in the statement of financial position within “Other assets”.

19.3 Investments during the period

Investments for the Exploration & Production business amounted to €636 million and €647 million, respectively, in 2011 and 2010. Investments are included in “Acquisitions of property, plant and equipment and intangible assets” in the statement of cash flows.

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, certain International Power power plants and Cofely’s cogeneration plants.

The present values of future minimum lease payments break down as follows:

	Future minimum lease payments at Dec. 31, 2011		Future minimum lease payments at Dec. 31, 2010	
In millions of euros	Undiscounted value	Present value	Undiscounted value	Present value
Year 1	206	191	265	254
Years 2 to 5 inclusive	737	631	695	649
Beyond year 5	936	564	832	559
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**1,879**	**1,386**	**1,792**	**1,462**

The following table provides a reconciliation of liabilities under finance leases as reported in the statement of financial position (see Note 14.2.1) with undiscounted future minimum lease payments by maturity:

In millions of euros	Total	Year 1	Years 2 to 5 inclusive	Beyond year 5
Liabilities under finance leases	1,389	139	489	761
Impact of discounting future repayments of principal and interest	489	66	248	175
UNDISCOUNTED MINIMUM LEASE PAYMENTS	**1,879**	**206**	**737**	**936**

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 the Solvay (Belgium), Lanxess (Belgium), Bowin (Thailand) and Saudi Aramco (Saudi Arabia) cogeneration facilities and for certain International Power power plants.

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Undiscounted future minimum lease payments	2,358	720
Unguaranteed residual value accruing to the lessor	54	30
TOTAL GROSS INVESTMENT IN THE LEASE	2,412	749
Unearned financial income	816	163
NET INVESTMENT IN THE LEASE (STATEMENT OF FINANCIAL POSITION)	**1,596**	**587**
• *O/W present value of future minimum lease payments*	1,561	571
• *O/W present value of unguaranteed residual value*	35	15

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, 2011	Dec. 31, 2010
Year 1	202	141
Years 2 to 5 inclusive	788	298
Beyond year 5	1,368	280
TOTAL	**2,358**	**720**

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 2011 and 2010 can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Minimum lease payments	(1,047)	(831)
Contingent lease payments	(165)	(93)
Sub-letting income	58	19
Sub-letting expenses	(93)	(97)
Other operating lease expenses	(179)	(231)
TOTAL	**(1,425)**	**(1,232)**

Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Year 1	812	696
Years 2 to 5 inclusive	1,950	1,715
Beyond year 5	1,867	1,606
TOTAL	**4,629**	**4,017**

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 primarily concern power plants operated by International Power.

Operating lease income for 2011 and 2010 can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Minimum lease payments	889	767
Contingent lease payments	18	12
TOTAL	**906**	**779**

Lease income is recognized in revenue.

Future minimum lease payments receivable under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Year 1	724	554
Years 2 to 5 inclusive	2,475	2,037
Beyond year 5	1,960	1,999
TOTAL	**5,159**	**4,590**

NOTE 22 SERVICE CONCESSION ARRANGEMENTS

SIC 29 – Service Concession Arrangements: Disclosures 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 concession operator.

IFRIC 12 was published in November 2006 and 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 1.5.7).

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;

(b) and 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 1.5.7).

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 natural 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 1.5.7), this obligation leads to the recognition of a capital renewal and replacement liability.

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. Exceptionally, 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 1.5.7). For the distribution of natural gas in France, the Group applies the ATRD rates set by ministerial decree following consultation with the French Energy Regulatory Commission (CRE). The rate is generally determined 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), using the useful lives and rates of return on capital employed set by the CRE. The Regulated Asset Base includes mainly pipelines and connections depreciated over a period of 45 years.

NOTE 23 SHARE-BASED PAYMENT

Expenses recognized in respect of share-based payment break down as follows:

In millions of euros	Notes	Expense for the year Dec. 31, 2011	Expense for the year Dec. 31, 2010
Stock option plans	23.1	41	57
Employee share issues	23.2	3	34
Share Appreciation Rights *	23.2	5	(4)
Bonus/Performance Share plans	23.3	86	34
Exceptional bonus		-	(3)
Other Group plans	23.3.5	12	-
TOTAL		**145**	**119**

* *Set up within the scope of employee share issues in certain countries.*

23.1 Stock option plans

GDF SUEZ stock option plans

No new GDF SUEZ stock option grants were approved by the Group's Board of Directors in either 2011 or 2010.

The terms and conditions of plans set up prior to 2010 are described in previous Registration Documents prepared by SUEZ and subsequently GDF SUEZ.

SUEZ Environnement Company stock option plans

In 2011, the Board of Directors of SUEZ Environnement Company decided not to implement any new stock option plans.

The terms and conditions of plans set up in previous years are described in previous Registration Documents prepared by SUEZ Environnement Company.

23.1.1 Details of stock option plans in force

GDF SUEZ PLANS

Plan	Date of authorizing AGM	Vesting date	Adjusted exercise price *(in euros)*	Number of beneficiaries per plan	Number of options granted to members of the Executive Committee (2)	Outstanding options at Dec. 31, 2010	Options exercised (3)	Options canceled	Outstanding options at Dec. 31, 2011	Expiration date	Residual life
11/28/2001	5/4/2001	11/28/2005	30.7	3,160	1,784,447	5,682,343		5,682,343	0	11/28/2011	
11/20/2002 (1)	5/4/2001	11/20/2006	15.7	2,528	1,327,819	1,780,240	152,235	10,668	1,617,337	11/19/2012	0.9
11/19/2003	5/4/2001	11/19/2007	12.4	2,069	1,263,500	1,591,168	1,447,520	143,648	0	11/18/2011	
11/17/2004 (1)	4/27/2004	11/17/2008	16.8	2,229	1,302,000	5,459,192	371,676	25,116	5,062,400	11/16/2012	0.9
12/9/2005 (1)	4/27/2004	12/9/2009	22.8	2,251	1,352,000	6,071,401	369,020	11,249	5,691,132	12/8/2013	1.9
1/17/2007 (1)	4/27/2004	1/17/2011	36.6	2,173	1,218,000	5,763,617		21,960	5,741,657	1/16/2015	3.0
11/14/2007 (1)	5/4/2007	11/14/2011	41.8	2,107	804,000	4,493,070		20,856	4,472,214	11/13/2015	3.9
11/12/2008	7/16/2008	11/12/2012	32.7	3,753	2,615,000	6,375,900		41,646	6,334,254	11/11/2016	4.9
11/10/2009	5/4/2009	11/10/2013	29.4	4,036	0	5,121,406		32,407	5,088,999	11/9/2017	5.9
TOTAL					**11,666,766**	**42,338,337**	**2,340,451**	**5,989,893**	**34,007,993**		
Including:											
Stock option purchase plans						11,497,306	0	74,053	11,423,253		
Stock subscription plans						30,841,031	2,340,451	5,915,840	22,584,740		

(1) Plans exercisable at December 31, 2011.
(2) Corresponding to the Management Committee at the time the options were awarded in 2000 and 2001.
(3) In certain specific circumstances such as retirement or death, outstanding options may be exercised in advance of the vesting date.

Stock option plans included in the calculation of diluted earnings per share in 2011 (see Note 8, “Earnings per share”) relate to plans granted at an exercise price lower than the average annual price for GDF SUEZ shares in 2011 (€24.20).

SUEZ ENVIRONNEMENT COMPANY PLANS

Plan	Date of authorizing AGM	Vesting date	Exercise price	Outstanding options at Dec. 31, 2010	Options exercised *	Options granted	Options canceled or expired	Outstanding options at Dec. 31, 2011	Expiration date	Residual life
12/17/2009	5/26/2009	12/17/2013	15.49	3,434,448	0	0	18,558	3,415,890	12/16/2017	6.0
12/16/2010	5/26/2009	12/16/2014	14.20	2,944,200	0	0	23,700	2,920,500	12/15/2018	7.0
TOTAL				**6,378,648**	**0**	**0**	**42,258**	**6,336,390**		

* *In certain specific circumstances such as retirement or death, outstanding options may be exercised in advance of the vesting date.*

23.1.2 Number of GDF SUEZ stock options

	Number of options	Average exercise price *(in euros)*
Balance at December 31, 2010	**42,338,337**	**28.6**
Options granted		
Options exercised	(2,340,451)	15.0
Options canceled	(5,989,893)	30.2
Balance at December 31, 2011	**34,007,993**	**29.2**

23.1.3 Accounting impact

Based on a staff turnover assumption of 5%, the expense recorded during the period in relation to the Group's stock option plans was as follows:

			Expense for the year *(in millions of euros)*	
Grant date	**Issuer**	**Fair value per share*** *(in euros)*	**Dec. 31, 2011**	**Dec. 31, 2010**
January 17, 2007	GDF SUEZ	12,3	1	17
November 14, 2007	GDF SUEZ	15,0	14	16
November 12, 2008	GDF SUEZ	9,3	14	14
November 10, 2009	GDF SUEZ	6,0	8	8
December 17, 2009	SUEZ Environnement Company	3,3	3	3
December 16, 2010	SUEZ Environnement Company	2,9	2	0
TOTAL			**41**	**57**

* *Weighted average (where applicable) between plans with and without a performance condition.*

23.1.4 Share Appreciation Rights

The award of Share Appreciation Rights (SARs) to US employees in 2007, 2008 and 2009 (as replacement for stock options) does not have a material impact on the consolidated financial statements.

23.2 Employee share issues

23.2.1 Description of available plans granted by GDF SUEZ

In 2010, Group employees were entitled to subscribe to employee share issues as part of the Link 2010 worldwide employee share ownership plan. They could subscribe to either:

- the Link 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 Link Multiple plan: under this plan, employees may subscribe to shares, either directly or *via* an employee investment fund, and also 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.

23.2.2 Accounting impact

GDF SUEZ did not issue any new shares to employees in 2011. The only impacts of employee share issues on 2011 income relate to SARs, for which the Group recognized an expense of €5 million in the year (including shares covered by warrants).

In 2010, the Group recognized an expense of €34 million in respect of the 24.2 million shares subscribed and the 0.5 million shares contributed by GDF SUEZ under the Link 2010 plan. The impact of SARs (including shares covered by warrants) awarded under the Link 2010 plan was a gain of €7 million.

23.2.3 SUEZ Environnement employee share issues

In 2011, SUEZ Environnement launched "Sharing", its first employee shareholding plan. Employees could subscribe to either:

- the "Sharing Classique" plan, offering shares at a lower-than-market price plus an employer contribution. Participants of this plan are exposed to the risk of share price fluctuations. In France, employees received an employer contribution as part of the share savings plan. Outside France, the employer contribution took the form of a bonus share award. As an alternative in the UK, a Share Incentive Plan ("SIP") was set up allowing employees to subscribe at a price equal to the lower of the share price at October 3 and at December 7, 2011, as well as an employer contribution;
- the "Sharing Multiple" plan, providing a leverage effect allowing employees to round out their personal contributions as well as a lower-than-market share price. Under an exchange agreement with the structuring bank, employees receive at least the equivalent of their personal contributions, plus a guaranteed rate of return. In the United States and Sweden, the Sharing Multiple plan has been adapted in line with local laws and regulations and operates through an alternative mechanism known as Share Appreciation Rights.

The employer contribution under the Sharing Classique plan was calculated as follows:

- for the first 15 shares subscribed, one bonus share was granted for every one share subscribed;
- from the 16th share subscribed, one bonus share was granted for every two shares subscribed;
- the total matching contribution was capped at a maximum of 30 bonus shares for 45 shares subscribed.

The expense recognized in respect of the Sharing plan amounts to €2 million.

23.3 Bonus shares and Performance Shares

23.3.1 New awards in 2011

GDF SUEZ Performance Share plan of January 13, 2011

On January 13, 2011, the Board of Directors approved the allocation of 3,426,186 Performance Shares to members of the Group's executive and senior management in two tranches:

- Performance Shares vesting on March 14, 2014, subject to a further two-year non-transferability period; and
- Performance Shares vesting on March 14, 2015.

Each tranche is made up of various instruments subject to different conditions:

- instruments with a single condition: Performance Shares subject to an internal performance condition relating to the level of Group EBITDA in 2013;
- instruments with two conditions: Performance Shares subject to an internal performance condition relating to Group EBITDA in 2013, and a market performance condition relating to GDF SUEZ's total share return compared to that of the Euro Stoxx Utilities index;
- instruments with three conditions: Performance Shares subject to internal performance conditions relating to Group EBITDA and ROCE in 2013, and to a market performance condition regarding the performance of the GDF SUEZ share compared to the Euro Stoxx Utilities index.

GDF SUEZ bonus share plan of June 22, 2011

On June 22, 2011, the Board of Directors decided to award a new bonus share plan to employees for 2011. This plan provides for the award of 4,2 million bonus GDF SUEZ shares to Group employees, subject to the following conditions:

- continuing employment with the Group at April 30, 2013 (except in the case of retirement, death or disability);
- two- or four-year vesting periods, depending on each country;
- a mandatory lock-in period of two or three years after the final vesting date (June 23, 2013) in certain countries.

GDF SUEZ Performance Share plan of December 6, 2011

On January 6, 2011, the Board of Directors approved the allocation of 2,996,920 Performance Shares to members of the Group's executive and senior management in two tranches:

- Performance Shares vesting on March 14, 2015, subject to a further two-year non-transferability period; and
- Performance Shares vesting on March 14, 2016.

Each tranche is made up of various instruments subject to different conditions:

- instruments with a single condition: Performance Shares subject to an internal performance condition relating to the level of Group EBITDA in 2014;
- instruments with two conditions: Performance Shares subject to an internal performance condition relating to Group EBITDA in 2014, and a market performance condition relating to GDF SUEZ's total share return compared to that of the Euro Stoxx Utilities index.

23.3.2 Fair value of bonus shares and Performance Shares

The fair value of GDF SUEZ Performance Shares was calculated using the method described in Note 1 to the consolidated financial statements for the year ended December 31, 2011 (see Note 1.5.14.2). The following assumptions were used to calculate the fair value of new plans granted in 2011:

Grant date	Vesting date	End of the non-transferability period	Share price at grant date	Expected dividend rate	Employee financing costs	Non-transferability *restriction (€/share)*	Stock market-related performance condition	Fair value per share
January 13, 2011	March 14, 2014	March 15, 2016	€28.2	5.5%	5.8%	(1.0)	No	€22.7
January 13, 2011	March 14, 2014	March 15, 2016	€28.2	5.5%	5.8%	(1.0)	Yes	€17.6
January 13, 2011	March 14, 2015	March 14, 2015	€28.2	5.5%	5.8%	0.0	No	€22.4
January 13, 2011	March 14, 2015	March 14, 2015	€28.2	5.5%	5.8%	0.0	Yes	€17.3
Weighted average fair value of the January 13, 2011 plan								**€18.1**
March 2, 2011	March 14, 2013	March 14, 2015	€28.2	5.5%	5.8%	(1.3)	No	€23.9
March 2, 2011	March 14, 2014	March 14, 2016	€28.2	5.5%	5.8%	(1.0)	No	€23.0
Weighted average fair value of the March 2, 2011 plan								**€23.3**
June 22, 2011	June 23, 2013	June 23, 2015	€24.6	6.0%	5.8%	(1.2)	No	€20.6
June 22, 2011	June 23, 2013	June 23, 2016	€24.6	6.0%	5.8%	(2.5)	No	€19.3
June 22, 2011	June 23, 2013	December 31, 2015	€24.6	6.0%	5.8%	(3.0)	No	€18.8
June 22, 2011	June 23, 2015	June 23, 2015	€24.6	6.0%	5.8%	0.0	No	€19.3
Weighted average fair value of the June 22, 2011 plan								**€20.0**
December 6, 2011	March 15, 2016	March 15, 2016	€21.0	6.0%	7.6%	0.0	No	€16.3
December 6, 2011	March 15, 2016	March 15, 2016	€21.0	6.0%	7.6%	0.0	Yes	€9.9
December 6, 2011	March 15, 2015	March 15, 2017	€21.0	6.0%	7.6%	(1.4)	No	€15.9
December 6, 2011	March 15, 2015	March 15, 2017	€21.0	6.0%	7.6%	(1.4)	Yes	€9.6
Weighted average fair value of the December 6, 2011 plan								**€11.3**

23.3.3 Review of internal performance conditions applicable to the plans

Eligibility for certain bonus share and Performance Share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations, leading to a decrease in the total expense recognized in relation to the plans in accordance with IFRS 2.

Performance conditions are reviewed at each reporting date. Reductions in volumes of shares awarded in 2011 due to a failure to meet performance criteria were not material.

23.3.4 Plans in force at December 31, 2011 and impact on income

The expense recorded during the period in relation to the plans in force is as follows:

Grant date	Number of shares awarded (1)	Fair value per share (2) *(in euros)*	Expense for the year *(in millions of euros)* Dec. 31, 2011	Dec. 31, 2010
GDF SUEZ share plans				
Bonus share plans				
June 2007 plan (GDF)	1,539,009	33.4		
July 2007 plan (SUEZ)	2,175,000	37.8	5	9
August 2007 plan (Spring)	193,686	32.1	1	1
May 2008 plan (GDF)	1,586,906	40.3	-	(8)
June 2008 plan (SUEZ)	2,372,941	39.0	6	(4)
July 2009 plan (GDF SUEZ)	3,297,014	19.7	15	26
August 2010 plan (Link)	207,947	19.4	1	0
June 2011 plan (GDF SUEZ)	4,173,448	20.0	16	
Performance Share plans				
February 2007 plan (SUEZ)	989,559	36.0		
November 2007 plan (SUEZ)	1,244,979	42.4	-	(14)
November 2008 plan (GDF SUEZ)	1,812,548	28.5	(1)	(3)
November 2009 plan (GDF SUEZ)	1,693,840	24.8	12	15
January 2010 plan (ExCom)	348,660	18.5	3	3
March 2010 plan (Uni-T)	51,112	21.5	0	0
January 2011 plan (GDF SUEZ)	3,426,186	18.1	17	
March 2011 plan (Uni-T)	57,337	23.3	0	
December 2011 plan (GDF SUEZ)	2,996,920	11.3	1	
SUEZ Environnement Company share plans				
July 2009 plan (SUEZ Environnement Company)	2,040,810	9.6	5	7
December 2009 plan (SUEZ Environnement Company)	173,852	12.3	1	1
December 2010 plan (SUEZ Environnement Company)	829,080	10.8	3	0
			86	34

(1) Number of shares awarded after adjustments relating to the merger with Gaz de France in 2008.
(2) Weighted average (where applicable).

23.3.5 International Power Performance Share plans

International Power modified its Performance Share plan prior to the date of its acquisition by GDF SUEZ. The 2008, 2009 and 2010 plans were canceled ahead of maturity . As consideration, benefi ciaries received a cash payment representing a total of €24 million, settled after the acquisition date. As a liability for €24 million had been recognized in International Power's statement of financial position at the acquisition date, no expense was recognized in respect of these Performance Share plans in the Group's 2011 income statement.

The impact of the Performance Shares awarded to International Power's executive and senior management in March 2011 is not material.

NOTE 24 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 25, “Executive compensation”.

The Group’s main subsidiaries (fully consolidated companies) are listed in Note 28, “List of the main consolidated companies at December 31, 2011”. The Group’s main associates and joint ventures are listed in Note 12, “Investments in associates” and Note 13, “Investments in joint ventures”, respectively. Only material transactions are described below.

24.1 Relations with the French State and with entities owned or partly owned by the French State

24.1.1 Relations with the French State

Further to the merger between Gaz de France and SUEZ on July 22, 2008, the French State owns 36.0% of GDF SUEZ and appoints 6 representatives to the Group’s 22-member 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. 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.

Transmission rates on the GRT Gaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals, are all regulated. Rates are set by ministerial decrees.

24.1.2 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 SA 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.

24.2 Relations with the CNIEG (Caisse Nationale des Industries Electriques et Gazières)

The Group’s relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 18, “Post-employment benefits and other long-term benefits”.

24.3 Transactions with joint-ventures and associates

24.3.1 Joint-ventures

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income/ (loss) (excl. dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt	Commitments and guarantees given
SPP group	125	133				2		
Eco Electrica		107						
Tirreno Power	269	74		38		55		
WSW Energie und Wasser	105	92		5	6	6		
EFOG	381		1					
Energia Sustentavel Do Brasil							348	1,366
Other	443	446	(19)	207	722	72	83	693
TOTAL	**1,323**	**852**	**(18)**	**250**	**728**	**135**	**431**	**2,059**

EFOG (United Kingdom)

The Group sold its 22.5% interest in EFOG on December 31, 2011 (see Note 2, "Main changes in Group structure").

In 2011, the Group purchased gas from EFOG for €381 million (€257 million in 2010).

As part of its policy of pooling surplus cash, the Group received cash advances from EFOG. The outstanding amount of these advances totaled €115 million at December 31, 2010. At December 31, 2011, the Group's liability in respect of EFOG was taken over by Total within the scope of the Group's sale of its interest in EFOG.

AceaElectrabel group (Italy)

In the first quarter of 2011, GDF SUEZ and Acea terminated their partnership concerning energy activities in Italy. As indicated in Note 2, "Main changes in Group structure", the Group acquired a controlling interest in certain entities and sold the marketing company AceaElectrabel Elettricita along with a number of production assets to Acea. Only Tirreno Power, jointly owned with GDF SUEZ Energia Italiana, continues to be proportionately consolidated.

Sales of electricity between GDF SUEZ and Tirreno Power amounted to €269 million in 2011.

Loans granted by the Group to Acea amounted to €349 million at December 31, 2010, while sales of gas and electricity to AceaElectrabel totaled €100 million.

SPP group (Slovakia)

GDF SUEZ holds a 24.5% interest in the SPP group.

Natural gas sales and other services billed to the SPP group amounted to €133 million in 2011 and €125 million in 2010.

Purchases of natural gas and other services provided by the SPP group amounted to €125 million in 2011 and €124 million in 2010.

At end-2011, the Group's accounts receivable and payable with SPP were not material (€22 million and €25 million, respectively, at December 31, 2010).

Eco Electrica (Puerto Rico)

GDF SUEZ holds 24.4% of the share capital of Eco Electrica, and 50% of its voting rights.

Sales of natural gas billed to Eco Electrica totaled €107 million 2011.

WSW Energie und Wasser (Germany)

GDF SUEZ owns 33.1% of the share capital of WSW Energie und Wasser and 33.1% of its voting rights. Sales and purchases of electricity between the Group and WSW Energie und Wasser amounted to €92 million and €105 million, respectively, in 2011.

Energia Sustentavel Do Brasil (Brazil)

GDF SUEZ holds 34.9% of the share capital of Energia Sustentavel do Brasil, and 50.1% of its voting rights.

This consortium was set up in 2008 to build, own and operate the 3,450 MW hydroelectric Jirau power plant.

Energia Sustentavel Do Brasil carried out a capital increase in 2011. The total amount of subscribed capital to be paid by the Group was €348 million at December 31, 2011.

In 2009, the Brazilian development bank (Banco Nacional de Desenvolvimento Econômico e social) granted a BRL 7 billion loan (around €3 billion) to Energia Sustentavel do Brasil. Each partner stands as guarantor for this debt to the extent of its ownership interest in the consortium.

24.3.2 Associates

In millions of euros	Purchases of goods and services	Sales of goods and services	Trade and other receivables	Loans and receivables at amortized cost	Commitments and guarantees given
Inter-municipal companies	1,427	47	7	111	406
Contassur			128		
International Power ventures in the Middle East		400	23	124	657
Paiton		19	9	136	

Inter-municipal companies

The mixed inter-municipal companies in Brussels, Flanders and Walloon manage the electricity and gas distribution network in Belgium.

Following various transactions and events which occurred during the first half of 2011 (see Note 2, "Main changes in Group structure"), as from June 30, 2011 the Group no longer had significant influence over the Flemish inter-municipal companies and has accounted for its interest in those companies within "Available-for-sale securities". Consequently as of this date, any transactions with mixed inter-municipal companies referred to in this note no longer include transactions with the inter-municipal companies based in Flanders.

At December 31, 2011, Electrabel had granted cash advances to the inter-municipal companies totaling €111 million (€123 million at December 31, 2010).

Electrabel Customer Solutions (ECS) purchased gas and electricity network distribution rights from the inter-municipal companies in an amount of €1,394 million in 2011, compared with €2,012 million in 2010. Trade receivables and payables relating to gas and electricity supply services between the Group and the mixed inter-municipal companies are not material.

Electrabel stands as guarantor for €406 million of the loans contracted by mixed inter-municipal companies in the Walloon region in connection with the financing for capital decreases.

Contassur

Contassur is a life insurance company accounted for under the equity method. It is 15%-owned by Electrabel.

Contassur offers insurance contracts, chiefly with pension funds that cover post-employment benefit obligations for Group employees and also employees of other companies mainly engaged in regulated activities in the electricity and gas sector in Belgium.

Insurance contracts entered into by Contassur represent reimbursement rights recorded within "Other assets" in the statement of financial position. These reimbursement rights totaled €128 million at December 31, 2011 (€142 million at December 31, 2010).

International Power ventures in the Middle East

International Power's ventures in the Middle East own and operate electricity production plants and seawater desalination facilities.

The Group sold €400 million of electricity, gas and services to these companies in 2011.

Loans granted by the Group to these ventures in the Middle East totaled €124 million at December 31, 2011.

Guarantees given by the Group to these entities totaled €657 million at December 31, 2011.

Paiton

GDF SUEZ holds 28.2% of the share capital of Paiton, and 44.7% of its voting rights.

Loans granted by the Group to Paiton totaled €136 million at December 31,2011.

NOTE 25 EXECUTIVE COMPENSATION

The Group's key management personnel comprise the members of the Executive Committee and Board of Directors. The number of members on the Executive Committee was extended from 18 to 27 in 2011.

Their compensation breaks down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Short-term benefits	39	33
Post-employment benefits	6	4
Share-based payment	12	17
Termination benefits	3	2
TOTAL	**60**	**56**

NOTE 26 LEGAL AND ANTI-TRUST PROCEEDINGS

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.

These legal and arbitration proceedings presented hereafter are recognized as liabilities or give rise to contingent assets or liabilities.

Provisions recorded in respect of these proceedings totaled €763 million as of December 31, 2011 (€638 million as of December 31, 2010).

26.1 Legal and arbitration proceedings

26.1.1 Electrabel – Hungarian State

Electrabel, GDF SUEZ Group, filed international arbitration proceedings against the Hungarian State before the International Centre for Settlement of Investment Disputes (ICSID), for breach of obligations pursuant to the Energy Charter Treaty. Initially, the dispute mainly pertained to (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. The arbitration hearing took place in February 2010 and the arbitrators will hand down their verdict on the question of liability.

Following (i) the decision taken by the European Commission on June 4, 2008, according to which the long-term PPAs in force at the time of Hungary's accession to the EU (including the agreement between Dunamenti and MVM) have been deemed illegal State aid incompatible with the EU Treaty, and (ii) Hungary's subsequent decision to terminate these agreements, Electrabel extended its request in order to obtain compensation for the damage suffered as a consequence of such termination. In April 2010, the European Commission approved the method developed by the Hungarian authorities to calculate the amount of State aid and stranded costs. Following this approval, at the end of April 2010, the Hungarian authorities adopted a decree implementing this method and its principles (refer also to Note 26.2.4 "Competition and concentration/ Long-term Power Purchase Agreements in Hungary").

Furthermore, the European Commission petitioned the arbitration tribunal for *amicus curiae* participation on August 13, 2008. This request was accepted and was limited to a brief filing.

26.1.2 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.

In November 2008, SGH sent a notice of dispute to the Slovak Republic under (i) the Energy Charter Treaty and (ii) the Bilateral Treaty, entered into by the Slovak Republic with the Czech Republic on the one hand and the Netherlands on the other hand. This notice of dispute is a precondition to international arbitration proceedings under the above-mentioned treaties. Its purpose is to initiate an informal negotiation period to enable the parties to reach an amicable settlement. In view of the results of the negotiations, the notice of dispute was reviewed and completed on December 28, 2010. Now it mainly concerns the losses incurred by SPP between 2008 to 2011 as a result of the regulator's refusal to set prices based on actual costs incurred plus a reasonable profit margin.

The negotiations resulted in the withdrawal of the legal framework which limited the possibility to request price increases to cover gas selling costs plus a reasonable profit margin (law referred to as Lex SPP). Negotiations on other issues are now underway.

26.1.3 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 the claim unfounded.

On June 27, 2011, the Court of Cassation overturned the appeal brought by Deminor and others on May 22, 2009. It is for Deminor and others to bring an action against the Belgian financial services and markets authority (*Autorité belge des services et marchés financiers* - FSMA), formerly the Belgian Banking, Financial and Insurance Commission, and GDF SUEZ before the Brussels Court of Appeal, sitting in a different formation.

MM. Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application (*acte introductif d'instance*) was void. A new application was filed, without involving Electrabel and the FSMA. By a ruling issued on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

Mr. Geenen appealed this decision before the Court of Cassation on June 2, 2010. The proceeding is pending.

26.1.4 AES Energia Cartagena

GDF SUEZ is involved in 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 Energy Agreement governs 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 bear 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 proceedings were held in London. When brought to a conclusion, on October 21, 2011, the parties were informed that the arbitrators had made a draft award which must now be submitted to ICC internal review, mainly as to its form.

On October 20, 2011, the parties signed a settlement agreement. This agreement is subject to certain conditions precedent including the initial completion date of December 31, 2011, which was eventually extended to February 17, 2012. The conditions precedent were met on January 31, 2012 and the closing date was set for February 9, 2012. In the meantime, the arbitration proceedings have been suspended.

26.1.5 Argentina

In Argentina, concession contract tariffs were frozen by a Public Emergency and Exchange Regime Reform Act (Emergency Act) enacted in January 2002, preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar.

In 2003, SUEZ (now GDF SUEZ) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched arbitration proceedings against the Argentine State in its capacity as concession grantor before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the Franco-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim to obtain compensation for the loss of value of investments made since the start of the concession, as a consequence of measures taken by the Argentine State following the adoption of the above-mentioned Emergency Act. In 2006, the ICSID recognized its jurisdiction over the two disputes. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, Aguas Provinciales de Santa Fe announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, Aguas Argentinas filed for "Concurso Preventivo" (similar to the French bankruptcy procedure). As part of this procedure, a settlement proposal involving the novation of Aguas Argentinas's admissible liabilities was approved by creditors and confirmed by the bankruptcy court on April 11, 2008. The settlement of these liabilities is underway. The proposal provides for an initial payment of 20% of these liabilities (approximately USD 40 million) upon approval, and a second payment of 20% in the event that compensation is obtained from the Argentine State. As controlling shareholders, GDF SUEZ and Agbar decided to financially support Aguas Argentinas in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

As a reminder, 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.

By two decisions dated July 30, 2010, ICSID recognized the liability of the Argentine State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. Following these two decisions, the arbitration tribunal will set the final amount of the award to be paid in compensation of the losses sustained in the coming months.

The expert's report is expected in 2012.

26.1.6 United Water – Lake DeForest

In March 2008, some of the local residents of the Hackensack River area in Rockland County (NY) filed a claim before the Supreme Court of the State of New York for a total of USD 66 million (later increased to USD 130 million) against United Water (SUEZ Environnement Group) owing to flooding caused by torrential rain.

Those residents point out the negligence of United Water in the maintenance of the Lake DeForest dam and reservoir adjoining the Lake DeForest reservoir which, following the torrential rain, allegedly ceased to function correctly preventing the draining-off of water into the Hackensack River on which it is built, ultimately resulting in the flooding of the residents' homes. As a result of the rainwater drainage system operated by United Water overflowing upstream of the dam, the residents, despite living in a flood-prone area, have filed a compensatory damages claim for USD 65 million and for punitive damages of the same amount against United Water for alleged negligence in the maintenance of the Lake DeForest dam and reservoir.

United Water does not consider itself responsible for the flooding or for the maintenance of the dam and reservoir and believes these allegations should be dismissed. United Water filed a motion to dismiss these claims in July 2009 on the ground that it was not obliged to operate the dam as a means of flood prevention. This motion was denied on August 27, 2009, and this rejection was confirmed on June 1, 2010. United Water has appealed this decision. A decision on the merits is expected towards the end of the first half of 2012.

The claim for punitive damages introduced by the residents against United Water was definitely dismissed on May 31, 2011.

26.1.7 Novergie

Novergie Centre Est (SUEZ Environnement Group) used to operate a household waste incineration plant in Gilly-sur-Isère near Albertville (in the Savoie region in France), which was built in 1984 and is owned by the semi-public corporation, SIMIGEDA (an intercommunal semi-public waste management company in the Albertville district). In 2001, high levels of dioxin were detected near the incineration plant and the Prefect of the Savoie region ordered the closure of the plant in October 2001.

Complaints and claims for damages were filed in March 2002 against, among others, the President of SIMIGEDA, the Prefect of the Savoie region and Novergie Centre Est for poisoning, endangering the lives of others, and non-intentional assault and battery, with respect to dioxin pollution allegedly caused by the incineration plant. In the first half of 2009, the French Court of Cassation upheld the decision of the examining chamber of the Lyon Court of Appeal rejecting the claim for damages (*constitution de partie civile*).

Novergie Centre Est was indicted on December 22, 2005 on counts of endangering the lives of others and breaching administrative regulations.

As part of these proceedings, investigations ordered by the court showed that there had been no increase in the number of cases of cancer among the neighboring populations.

On October 26, 2007, the judge in charge of investigating the case dismissed the charges against natural persons indicted for endangering the lives of others. However, the judge ordered that SIMIGEDA and Novergie Centre Est be sent for trial before the criminal court of Albertville for having operated the incinerator "without prior authorization, due to the expiration of the initial authorization as a result of significant changes in operating conditions". On September 9, 2009, the examining chamber of the Chambéry Court of Appeal upheld the decision to dismiss charges of endangering the lives of others made against the Novergie employees.

Having noticed that those primarily responsible for the offenses in question would not be present at the criminal court hearing on September 28, 2010, Novergie Centre Est brought an action against unknown persons for contempt of court and fraudulently organizing insolvency.

The hearing before the criminal court was held on November 29, 2010. On May 23, 2011, the criminal court handed down a fine of €250,000 to Novergie Centre Est.

Novergie Centre Est has appealed this decision.

26.1.8 Société des Eaux du Nord

Negotiations have been initiated since 2008/2009 between Lille Métropole metropolitan district (Lille Métropole Communauté Urbaine - LMCU) and Société des Eaux du Nord (SEN), a subsidiary of Lyonnaise des Eaux France, within the five-yearly review of the drinking water distribution concession contract. In particular, these negotiations pertained to the inferences to be drawn from the addenda signed in 1996 and 1998 as regards SEN's renewal obligations.

As LMCU and SEN failed to reach an agreement as to the provisions governing the review of the contract, at the end of 2009 they decided to refer the matter to the arbitration commission in accordance with the contract. The commission, chaired by Michel Camdessus, made recommendations.

On June 25, 2010, without following the Commission's recommendations, the LMCU Community Council unilaterally approved the signature of an addendum to the contract which provides for the issuing of a demand for payment of an amount of €115 million to SEN corresponding to the immediate repayment of the unused portion of the outstanding provisions for renewal costs plus interest as estimated by LMCU.

Two appeals seeking annulment of the LMCU Community Council's decision of June 25, 2010, as well as decisions adopted in implementation thereof, were submitted to the Administrative Court of Lille on September 6, 2010 by SEN, as well as by Lyonnaise des Eaux France in its capacity as a shareholder of SEN.

26.1.9 Melbourne – AquaSure

In 2009, following a call for tenders, the State of Victoria awarded a contract to AquaSure (21% owned by SUEZ Environnement) to finance, design, construct and operate a seawater desalination plant supplying water to the Melbourne region for a 30-year period. AquaSure entrusted the plant's design and construction to a joint venture ("JV") between Thiess (65%), a subsidiary of the Leighton Group and Degrémont (35%), a subsidiary of SUEZ Environnement. The operation was entrusted to a joint venture between Degrémont (60%) and Thiess (40%). The targeted completion date for the construction of the plant was June 30, 2012. The construction work started in September 2009.

The project was delayed due to unfavorable weather and labor conditions. By the end of December 2011, 88% of the plant was complete, resulting in a delay of several months in delivery and production.

The JV considered that it was not fully responsible for the delay and its financial consequences and sought a deadline extension and financial compensation. Two claims were filed requesting (i) a deadline extension of 80 days until the end of October 2011 related to the cyclonic weather conditions and compensation for additional costs incurred and (ii) a deadline extension of 194 days related to the labor issues and for which compensation is currently being calculated.

On December 15, 2011, AquaSure and the JV reached a standstill, enabling the parties to enter into contractual negotiations until March 31, 2012.

26.1.10 Togo Électricité

In February 2006, the Togolese State took possession of all of the assets of Togo Électricité, without any indemnification. It instituted several proceedings, one of them being against Togo Électricité, a GDF SUEZ (Energy Services) company and then subsequently against GDF SUEZ, seeking an order for payment by the two companies of compensation of 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 ICSID 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.

On August 10, 2010, the ICSID rendered its award ordering the Republic of Togo to pay Togo Électricité €60 million plus interest at a yearly rate of 6.589% as from 2006. The Congolese State brought an action seeking the annulment of the arbitration award. An *ad hoc* committee of the ICSID was set up to review the Togolese State's request. Its decision was rendered on September 6, 2011. The committee dismissed the application for the annulment of the award and confirmed the award rendered on August 10, 2010 in its entirety.

26.1.11 Fos Cavaou – Operation

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 building permit for 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 but later 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.

By a judgment of June 29, 2009, the Administrative Court of Marseille canceled the prefectural order authorizing the operation of the Fos Cavaou terminal. Elengy, which represents the rights of GDF SUEZ in these proceedings and the Minister of Ecology, Energy, Sustainable Development and Sea, filed an appeal on July 9, 2009 and on September 28, 2009, respectively. By a judgment of October 8, 2011, the Administrative Court of Marseille confirmed the cancellation of the order authorizing the operation of December 15, 2003.

On October 6, 2009, the Prefect of the Bouches-du-Rhône department issued an order requiring Elengy to apply for an operating permit for the terminal by June 30, 2010 at the latest in order to comply with administrative regulations. The order enables the building work to be continued and the terminal to be partially operated, subject to specific regulations.

On January 19, 2010, ADPLGF filed an appeal with the Administrative Court of Marseille for the annulment of this prefectural order. ADPLGF withdrew its claim before this court on January 4, 2011.

On August 25, 2010, the Prefect of the Bouches-du-Rhône department issued a new order modifying the order of October 6, 2009 and allowing for the unrestricted temporary operation of the terminal pending the fulfillment of all administrative formalities.

In compliance with the order dated October 6, 2009, Elengy applied for an operating permit with the Prefect on June 30, 2010. The public inquiry provided for by law was held from June 1 to July 18, 2011. The commission of inquiry delivered a favorable opinion on August 25, 2011.

A request for an operating permit was presented to the Departmental Council for the Environment and Health and Technological Risks (*Comité départemental de l'environnement et des risques sanitaires et technologiques* – CODERST) on January 9, 2012.

26.1.12 Fos Cavaou - Construction

On January 17, 2012, Société du Terminal Méthanier de Fos Cavaou (STMFC), 72.4%-owned by Elengy and 27.6%-owned by Total, submitted a request for arbitration to the ICC International Court of Arbitration against a consortium consisting of three companies; SOFREGAZ, TECNIMONT SpA and SAIPEM SA (hereinafter STS).

The dispute relates to the construction of the LNG terminal belonging to STMFC to be used for LNG unloading, storage, regasification and injection in the gas transportation network.

The terminal was constructed by STS under a fixed lump-sum turnkey contract entered into on May 17, 2004, which included construction work and supplies. The deadline for the completion of the work was September 15, 2008, subject to late payment penalties.

The performance of the contract was marked by a series of difficulties. In view of the fact that STS refused to complete part of the works and delivered an incomplete terminal with an 18-month delay, STMFC contracted other companies to complete the construction of that part of the works in 2010.

STMFC instituted arbitration proceedings under the aegis of the ICC, seeking compensation for the losses sustained.

26.1.13 Compagnie du Vent

On November 27, 2007, Castelnou Energia (a subsidiary of Electrabel) acquired a 56.84% stake in Compagnie du Vent, with the original owner SOPER retaining a 43.16% stake. The founder of the company (and owner of SOPER), Jean-Michel Germa remained Chairman and Chief Executive Officer of Compagnie du Vent. In 2009, GDF SUEZ replaced Castelnou Energia as the majority owner and Compagnie du Vent was integrated into the Energy France business line.

On May 27, 2011, at the Shareholders' Meeting of Compagnie du Vent, the Chairman and Chief Executive Officer, Jean-Michel Germa was removed and replaced by a senior executive chosen by GDF SUEZ. Jean-Michel Germa has contested this decision calling into question the validity of the Shareholders' Meeting. However, by order of the President of the Commercial Court (*Tribunal de Commerce*) of Montpellier on June 8, 2011, Jean-Michel Germa is prohibited under penalty from using the title of Chairman and Chief Executive Officer of Compagnie du Vent and from entering the company's premises. Furthermore, on June 15, 2011, the President of the Commercial Court of Montpellier rejected SOPER's request, confirming the order dated May 26, 2011 which allowed the Shareholders' Meeting to be held on May 27, 2011. SOPER and Jean-Michel Germa appealed both decisions. On October 13, 2011, the Court of Appeal of Montpellier overturned the order of June 15, 2011, by holding that the decisions taken by the Shareholders' Meeting of Compagnie du Vent on May 27, 2011 were invalid. Consequently, Jean-Michel Germa was reinstated as Chairman and Chief Executive Officer of Compagnie du Vent. Another Shareholders' Meeting was held on November 3, 2011 during which Jean-Michel Germa was removed and replaced by a senior executive chosen by GDF SUEZ.

Upon the request of GDF SUEZ, on July 13, 2011, the President of the Commercial Court of Montpellier acknowledged the abuse of minority rights by SOPER at the Shareholders' Meeting on July 1, 2010 by refusing to vote on the cooperation agreement between Compagnie du Vent and GDF SUEZ related to the Deux Côtes off-shore wind power project. He appointed a representative to represent SOPER at a subsequent Shareholders' Meeting on the same subject to vote in the company's name in accordance with the interests of Compagnie du Vent, without impinging on SOPER's interests. This Shareholders' Meeting was held on July 22, 2011 and the resolution was adopted. SOPER has however appealed the order of July 13, 2011. The Court of Appeal examined the case on July 27, 2011. On September 8, 2011, it upheld the lower court's decision and ordered SOPER to pay costs of €6,000. SOPER and Jean-Michel Germa appealed the decision before the French Court of Cassation.

On August 23, 2011, Compagnie du Vent summoned SOPER to appear before the Commercial Court of Montpellier seeking an order against it to pay compensation for non-material damage suffered by Compagnie du Vent, amounting to €500,000.

The removal of the Chairman and Chief Executive Oficer has shown that there are significant strategic differences between the two shareholders in terms of wind power development, particularly in relation to the Deux Côtes project. These differences have led Jean-Michel Germa to threaten GDF SUEZ with a claim for compensation of approximately €489 million, which the Group considers to be unfounded.

26.1.14 Freeze of regulated natural gas prices in France as of October 1, 2011

The ministerial decree of September 29, 2011 relating to regulated prices for natural gas provided from GDF SUEZ distribution networks resulted in a freeze of regulated natural gas prices. GDF SUEZ considers that this decree does not comply with (i) the law according to which regulated prices must cover all costs, (ii) competitive market rules and (iii) the public service contract signed between the Company and the State. GDF SUEZ finds the decree to be contrary to the Company's and its competitors' interests as well as the State's financial and ownership interests. The price freeze represented a loss of approximately €300 million in the last quarter of 2011.

On September 22, 2011, the French Energy Regulatory Commission (CRE), which is the competent and independent authority in this field, delivered an unfavorable opinion regarding the ministerial decree.

As a result, on October 13, 2011 GDF SUEZ appealed the decree before the *Conseil d'État* (France's highest administrative court) on the ground of abuse of authority. The action seeks (i) the annulment of the decree on the ground of abuse of authority as it has not set price increases at the level calculated by the CRE which are necessary to cover GDF SUEZ average full costs and (ii) a court order requiring the relevant ministers to issue a decree setting price increases retroactively as of October 1, 2011, in compliance with Article L. 445-3 of the French Energy Code (*Code de l'énergie*), within two months, subject to a penalty of €100,000 per day of delay.

On November 28, 2011, the French national association of energy retail operators (*Association nationale des opérateurs détaillants en énergie* – ANODE) obtained the suspension of the decree of September 29, 2011 from the President of the *Conseil d'État*.

26.1.15 Claims by the Belgian tax authorities

The Belgian tax authorities' Special Tax Inspectorate is claiming €188 million from SUEZ-Tractebel, GDF SUEZ Group, concerning past investments in Kazakhstan. SUEZ-Tractebel has filed an appeal against this claim. As the Belgian tax authorities decision is still pending after 10 years, an appeal was lodged with the Brussels Court of First Instance in December 2009.

The Belgian tax authorities taxed the 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 of taxes in Belgium in accordance with the Belgium-Luxembourg Convention for the prevention of double taxation. The Special Tax Inspectorate refuses this exemption on the basis of an alleged abuse of rights. The tax assessed in Belgium amounts to €245 million for the period 2003 to 2007. The Group has challenged the Special Tax Inspectorate's decision before the Brussels Court of First Instance. Electrabel SA and SUEZ-Tractebel SA are expecting tax assessments in respect of 2008 bringing the amount of tax assessed to €285 million. An initial ruling on a peripheral question and not on the main issue, was handed down on May 25, 2011 in favor of Electrabel. In the meantime, this ruling resulted in a reduction in the amount of tax assessed, amounting to €48 million in 2005 to 2007.

26.1.16 Objection to a provision of Belgian tax law

On March 23, 2009, Electrabel (GDF SUEZ Group) filed an appeal with the Belgian Constitutional Court seeking the annulment of the December 22, 2008 framework act (*loi-programme*) provisions imposing a €250 million tax on nuclear power generators (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 and the December 29, 2010 act in respect of 2010. In compliance with this statute, the Group has paid €213 million for 2009 and €212 million for 2010. Pursuant to a Memorandum of Understanding signed on October 22, 2009 between the Belgium State and the Group, this tax should not have been renewed but should have been replaced by a contribution related to the extension and period over which certain power facilities are operated. On September 9, 2011, Electrabel brought an action to recover the amounts paid.

26.1.17 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 maintained their position, which was confirmed on December 7, 2011. GDF SUEZ is waiting for the tax assessment notice.

26.1.18 Claim by the Brazilian tax authorities

On December 30, 2010, Tractebel Energia received a tax assessment notice in the amount of BRL 322 million (€134 million) for the period 2005 to 2007. The Brazilian tax authorities mainly disallow deductions related to tax incentives (consideration for intangible assets), in particular assets relating to the Jacui project. Tractebel Energia has contested the tax assessment notice as it believes that the Brazilian tax authorities' arguments are not justified.

26.2 Competition and concentration

26.2.1 "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 pertaining to 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 alleged 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 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 these commitments legally binding. This decision by the Commission put an end to the proceedings initiated in May 2008. GDF SUEZ, GRTgaz and Elengy are continuing to fulfill the commitments under the supervision of a trustee (Société Advolis) approved by the European Commission.

26.2.2 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. The appeal is pending. The written phase of the proceedings before the Court continued throughout 2010. The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court may have.

The hearing before the General Court of the European Union was held on September 21, 2011. A judgment will be delivered at a later date.

26.2.3 Compagnie Nationale du Rhône

On June 10, 2009, the European Commission decided to impose a fine of €20 million on Electrabel for (i) having acquired control of Compagnie Nationale du Rhône (CNR) at the end of 2003, without its prior approval (ii) and for having carried out this control acquisition before its authorization by the European Commission. 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 before the General Court of the European Union. The appeal is pending. The written phase of the proceedings before the Court continued throughout 2010. The hearing before the General Court of the European Union was held on November 30, 2011. A judgment will be delivered at a later date.

26.2.4 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 aid, incompatible with the Treaty on the Functioning of the European Union. It asked the Hungarian State to review these contracts, recover the related State aid from the power generators and, when necessary, to indemnify the parties to the agreements *via* a compensation mechanism for stranded costs. The Group is directly involved as its subsidiary Dunamenti is a party to a long-term Power Purchase Agreement entered into with MVM, Hungary's state-owned power company, on October 10, 1995. Following 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. Dunamenti brought an action before the General Court of the European Union on April 28, 2009 for annulment of the Commission's decision. The proceedings are still ongoing. The Parties filed their statements (the European Commission filed a statement of defense on October 19, 2009, and GDF SUEZ filed a reply on December 4, 2009, to which the Commission replied with a rejoinder on February 16, 2010). The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court may have.

On April 27, 2010, the European Commission rendered a decision approving the State aid payable by Dunamenti and the amount of its stranded costs and allowing Dunamenti to offset the State aid deemed illegal and the stranded costs. The compensation mechanism enabled Dunamenti to escape from the obligation to pay back the State aid deemed illegal. In 2015, at the initial expiration date of Dunamenti's long-term Power Purchase Agreement, Hungary will recalculate the amount of stranded costs, which could result in Dunamenti having to reimburse aid at that time. (Refer also to Note 26.1.1 "Legal proceedings/Electrabel – Hungarian State").

26.2.5 Inquiry on the term of power supply contracts in Belgium

In July 2007, the European Commission started an investigation into power supply contracts entered into by the Group with industrial customers in Belgium. The investigation took place and Electrabel, GDF SUEZ Group, cooperated with the Directorate-General for Competition. The last questionnaire received from the European Commission dates back to July 31, 2009. It was returned on November 9, 2009. In view of the results of its in-depth inquiry, on January 28, 2011 the European Commission decided to close the proceedings.

26.2.6 Inquiry into the Belgian electricity wholesale market

In September 2009, June 2010 and October 2011, the Belgian competition authority (*Autorité belge de concurrence*) organized raids on several companies operating in Belgium's electricity wholesale market, including Electrabel, GDF SUEZ Group. The inquiry, to which Electrabel is providing its support, is still ongoing.

26.2.7 Inquiry into the water distribution and treatment sector in France

In April 2010, the European Commission conducted inspections in the offices of different French companies working in the water and water treatment sector with respect to their possible involvement in practices which fail to comply with Articles 101 and 102 of the Treaty on the Functioning of the European Union. Inspections were conducted within SUEZ Environnement Company and Lyonnaise des Eaux France.

A door seal was accidentally dislodged during the inspection in Lyonnaise des Eaux France's offices.

On May 21, 2010, in accordance with chapter VI of EU Regulation No. 1/2003, the Commission decided to launch proceedings against SUEZ Environnement Company with regard to this incident. Within the framework of this proceeding, SUEZ Environnement Company submitted information relating to this incident to the Commission. On October 20, 2010, the Commission sent a statement of objections on this issue to SUEZ Environnement Company and Lyonnaise des Eaux France. SUEZ Environnement Company and Lyonnaise des Eaux France replied to the statement of objections on December 8, 2010.

The European Commission set the fine for the breach of a seal at €8 million and notified SUEZ Environnement Company and Lyonnaise des Eaux France on May 24, 2011.

On January 13, 2012, the European Commission notified SUEZ Environnement Company and Lyonnaise des Eaux of its decision to initiate a formal investigation procedure to determine whether the three companies, SAUR, SUEZ Environnement Company, VEOLIA and the French water companies trade association (*Féderation professionnelle des entreprises de l'eau*) were engaged in anti-trust practices affecting the markets of delegated management services in relation to water and water treatment in France.

NOTE 27 SUBSEQUENT EVENTS

Reorganization of Group operating structure: creation of the Energy Europe and Energy International business lines

On January 1, 2012, the Group reorganized its Energy businesses through the creation of two business lines: Energy Europe and Energy International. The scope of the Energy International business line corresponds to the International Power group (see Note 3.1, "Operating segments").

Energy Europe carries out activities involving energy management, distribution of natural gas, electricity production and energy sales for all segments in continental Europe. It operates all of the Group's physical and commercial assets in continental Europe in the fields of gas (excluding infrastructure managed by the Infrastructures business line) and electricity (excluding certain assets traditionally operated by International Power in Italy, Germany, Spain and Portugal). Up until December 31, 2011, the activities grouped within the new Energy Europe business line were conducted by the following operating segments, as described in Note 3, "Segment information": the Energy France business line; the Energy Benelux & Germany and the Energy Europe business areas (Energy Europe & International business line); and the "gas supply" and "key account sales" activities within the Global Gas & LNG business line.

The purpose of this reorganization is to adapt to the Group's European markets within the context of:

- increasingly consolidated electricity and gas markets in Europe, in physical (expanding inter-country networks), economical (liberalization of electricity markets), and regulatory terms;
- ongoing convergence between electricity and gas, with gas playing an increasingly prominent role in electricity production.

Following the transfer of the "gas supply" and "key account sales" activities to Energy Europe, Global Gas LNG now comprises activities relating to the exploration and production of oil and gas, natural gas liquefaction and transportation in the form of LNG.

Accordingly, since January 1, 2012, the Group has been reorganized around the following six business lines: Energy Europe, Energy International, Global Gas & LNG, Infrastructures, Energy Services and Environment.

NOTE 28 LIST OF THE MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2011

The table below is provided for indicative purposes only and only includes the main fully and proportionately consolidated companies in the GDF SUEZ Group. The aim is to present the list of entities which comprise 80% of the following indicators: revenues, EBITDA and net debt.

The following abbreviations are used to indicate the consolidation method applied in each case:

- FC: Full consolidation (subsidiaries);
- PC: Proportionate consolidation (joint ventures);
- 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. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**
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 - BEF	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ Thermique France	2, Place Samuel de Champlain - Faubourg de l'Arche - 92930 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC
SAVELYS group	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. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**
Energy Benelux & Germany (BEEI)							
ELECTRABEL NEDERLAND NV	Grote Voort 291, 8041 BL Zwolle - Postbus 10087, 8000 GB Zwolle - Netherlands	100.0	100.0	100.0	100.0	FC	FC
ELECTRABEL	Boulevard Simon Bolivar - 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

		% interest		% control		Consolidation method	
Company name	**Corporate headquarters**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**
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
GDF SUEZ PRODUZIONE	Lungotevere Arnaldo da Brescia, 12 - 00196 Rome - Italy	100.0	40.6	100.0	40.6	FC	PC
TIRRENO POWER SPA	47, Via Barberini - 00187 Rome - Italy	50.0	35.0	50.0	35.0	PC	PC
SC GDF SUEZ ENERGY ROMÂNIA SA	Bld Marasesti, 4-6, sector 4 - Bucharest - Romania	51.0	40.8	51.0	51.0	FC	FC
GSEM	Pulcz u. 44 - H 6724 - Szeged - Hungary	99.9	99.7	99.9	99.7	FC	FC
SLOVENSKY PLYNARENSKY PRIEMYSEL (SPP)	Mlynské Nivy 44/b - 825 11 - Bratislava 26 - 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 ENERGIA ITALIA SPA	Lungotevere Arnaldo da Brescia, 12 - 00196 Rome - Italy	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGIE	Via Spadolini, 7 - 20141 Milan - Italy	100.0	100.0	100.0	100.0	FC	FC

International Power (BEEI)

On February 3, 2011, the Group acquired International Power following the contribution of its international businesses. Since this date, GDF SUEZ has held a 69.78% interest in International Power.

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
North America (BEEI)							
GDF SUEZ ENERGY GENERATION NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	69.8	100.0	100.0	100.0	FC	FC
GDF SUEZ GAS NA LLC GROUP	One Liberty Square, Boston, MA 02109 - United States	69.8	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGY MARKETING NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	69.8	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGY RESOURCES NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	69.8	100.0	100.0	100.0	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Latin America (BEEI)							
In Brazil, 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. EBSR therefore 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.							
E-CL SA GROUP	Jr. César López Rojas # 201 Urb. Maranga San Miguel - Chile	36.8	52.4	52.8	52.4	FC	FC
TRACTEBEL ENERGIA GROUP	Rua Paschoal Apóstolo Pítsica, 5064, Agronômica Florianopolis, Santa Catarina - Brazil	48.0	68.7	68.7	68.7	FC	FC
ENERSUR	Av. República de Panamá 3490, San Isidro, Lima 27 - Peru	43.1	61.7	61.7	61.7	FC	FC
ENERGIA SUSTENTAVEL DO BRASIL SA	Avenida Almirante Barroso, No. 52, sala 2802, CEP 20031-000 Rio de Janeiro - Brazil	35.0	50.1	50.1	50.1	PC	PC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Asia (BEEI)							
GLOW ENERGY PUBLIC CO LTD	195 Empire Tower, 38th Floor - Park Wing, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 - Thailand	48.2	69.1	69.1	69.1	FC	FC
GHECO - ONE COMPANY LTD	11, I-5 Road, Tambon Map Ta Phut, Muang District. Rayong Province 21150. Thailand	31.3	44.9	65.0	65.0	FC	FC
SENOKO POWER LIMITED GROUP	111 Somerset Road - #05-06, Tripleone Somerset Building - 238164 Singapore	20.9	30.0	30.0	30.0	PC	PC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Europe (BEEI)							
GDF SUEZ ENERGY UK RETAIL	1 City Walk - LS11 9DX - Leeds - United Kingdom	69.8	100.0	100.0	100.0	FC	FC
FHH (Guernsey) LTD	Glategney Court, PO Box 140 - Glategney Esplanade, GY13HQ - Guernsey	52.3	0.0	100.0	0.0	FC	NC
SALTEND	Senator House - 85 Queen Victoria Street - London - United Kingdom	52.3	0.0	100.0	0.0	FC	NC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Middle East, Turkey and Africa (BEEI)							
BAYMINA ENERJI AS	Ankara Dogal Gaz Santrali, Ankara Eskisehir Yolu 40.Km, Maliöy Mevkii, 06900 Polatki/ Ankara - Turkey	66.3	95.0	95.0	95.0	FC	FC
HIDD POWER COMPANY*	Bldg 303, Road 13 - Area 115 - HIDD Bahrain	48.9	30.0	100.0	30.0	FC	EM

* Hidd Power Company is classified as “Assets held for sale” as at December 31, 2011.

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Australia (BEEI)							
HAZELWOOD POWER PARTNERSHIP	PO Box 195, Brodribb Road - Morwell Victoria 3840 - Australia	64.1	0.0	91.8	0.0	FC	NC
LOY YANG B CONSOLIDATED	Level 37 - Rialto North Tower - 525 Collins Street - Melbourne Vic 3000 - Australia	48.9	0.0	100.0	0.0	FC	NC

Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
Corporate (BEEI)							
INTERNATIONAL POWER PLC (IPR)	Senator House, 85 Queen Victoria Street - London - United Kingdom	69.8	0.0	69.8	0.0	FC	NC
INTERNATIONAL POWER CONSOLIDATED HOLDINGS LIMITED	Senator House, 85 Queen Victoria Street - London - United Kingdom	69.8	0.0	100.0	0.0	FC	NC
SUEZ TRACTEBEL	Place du Trône, 1 - 1000 Brussels - Belgium	69.8	0.0	100.0	0.0	FC	NC
INTERNATIONAL POWER FINANCE (JERSEY) III LIMITED	47 Esplanade, St Helier, Jersey Channel Islands JE1 OBD, Jersey	69.8	0.0	100.0	0.0	FC	NC
INTERNATIONAL POWER AUSTRALIA FINANCE	Senator House, 85 Queen Victoria Street - London - EC4V 4DP - United Kingdom	69.8	0.0	100.0	0.0	FC	NC

Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
Global GAS & LNG (B3G)							
E.F. OIL AND GAS LIMITED	33 Cavendish Square - W1G OPW - London - United Kingdom	0.0	22.5	0.0	22.5	NC	PC
GDF SUEZ E&P INTERNATIONAL	1, Place Samuel de Champlain - 92400 Courbevoie - France	70.0	100.0	70.0	100.0	FC	FC
GDF SUEZ E&P UK LTD	60, Gray Inn Road - WC1X 8LU - London - United Kingdom	70.0	100.0	100.0	100.0	FC	FC
GDF SUEZ E&P NORGE AS	Forusbeen 78 - Postboks 242 - 4066 Stavanger - Norway	70.0	100.0	100.0	100.0	FC	FC
GDF PRODUCTION NEDERLAND B.V.	Einsteinlaan 10 - 2719 EP Zoetermeer - Netherlands	70.0	100.0	100.0	100.0	FC	FC
GDF SUEZ E&P DEUTSCHLAND GMBH	Waldstrasse 39 - 49808 Linden - Germany	70.0	100.0	100.0	100.0	FC	FC
GDF SUEZ SA - B3G*	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF INTERNATIONAL TRADING	1, place Samuel de Champlain - 92930 Paris La Défense - 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 SUEZ GAS SUPPLY & SALES NEDERLAND BV	Einsteinlaan 10 - 2719 EP Zoetermeer - Netherlands	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ GLOBAL LNG SUPPLY SA	65, Avenue de la Gare - L-1611 Luxembourg	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ GAS & SUPPLY S.P.A.	Via Spadolini, 7 - 20141 Milan - Italy	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
Infrastructures							
STORENGY	Immeuble Djinn - 12 rue Raoul Nordling - 92270 Bois Colombes - France	100.0	100.0	100.0	100.0	FC	FC
ELENGY	Immeuble EOLE - 11 avenue Michel Ricard - 92270 Bois Colombes - 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	Immeuble BORA - 6 rue Raoul Nordling - 92270 Bois Colombes - France	75.0	100.0	75.0	100.0	FC	FC

Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
Energy Services (BSE)							
GSES SA	1, place des Degrés - 92059 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC
AXIMA SEITHA	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 GROUP	1, place des Degrés - 92059 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC
COFELY NEDERLAND NV	Kosterijland 20 - 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 Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
SUEZ Environnement							
GDF SUEZ holds 35.68% of SUEZ Environnement Company and exercises exclusive control through a shareholders' agreement. Accordingly, SUEZ Environnement Company is fully consolidated.							
SUEZ Environnement Company	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.9	35.6	35.7	35.6	FC	FC
LYONNAISE DES EAUX FRANCE GROUP	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.9	35.6	100.0	100.0	FC	FC
DEGREMONT GROUP	183, avenue du 18 juin 1940 - 92500 Rueil Malmaison - France	35.9	35.6	100.0	100.0	FC	FC
HISUSA	Torre Agbar - Avenida Diagonal 211 - 08018 Barcelona - Spain	27.2	23.9	75.7	67.1	FC	PC
AGBAR GROUP	Torre Agbar - Avenida Diagonal 211 - 08018 Barcelona - Spain	27.0	26.7	99.5	99.0	FC	PC
SITA HOLDINGS UK LTD GROUP	Grenfell Road - Maidenhead - Berkshire SL6 1ES - United Kingdom	35.9	35.6	100.0	100.0	FC	FC
SITA DEUTSCHLAND GMBH GROUP	Industriestrasse 161 D-50999 - Cologne - Germany	35.9	35.6	100.0	100.0	FC	FC
SITA NEDERLAND BV GROUP	Mr E.N. van Kleffensstraat 6 - Postbis 7009, NL - 6801 HA Amhem - Netherlands	35.9	35.6	100.0	100.0	FC	FC
SITA FRANCE GROUP	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.9	35.5	99.9	99.9	FC	FC
LYDEC	20, boulevard Rachidi - Casablanca – Morocco	18.3	18.1	51.0	51.0	FC	FC
UNITED WATER GROUP	200 Old Hook Road - Harrington Park - New Jersey - United States	35.9	35.6	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
Other							
GDF SUEZ SA*	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ BELGIUM	Place du Trône, 1 - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
GIE - GDF SUEZ ALLIANCE	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ Finance SA	1, place Samuel de Champlain - 92930 Paris La Défense - 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
CEF LUX	65, Avenue de la Gare - L-1611 Luxembourg	100.0	0.0	100.0	0.0	FC	FC

NOTE 29 FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

The GDF SUEZ Group's Statutory Auditors were 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.

	Ernst & Young				Deloitte				Mazars			
	Amount		%		Amount		%		Amount		%	
In millions of euros	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Audit												
Statutory audit, attest engagements and review of consolidated and parent company financial statements [(1)]												
• GDF SUEZ SA	2.4	3.0	12.1%	14.5%	1.6	5.1	8.4%	24.3%	1.4	1.6	18.4%	20.8%
• Fully- and proportionately-consolidated subsidiaries	13.5	14.3	69.0%	69.8%	14.5	13.6	74.4%	65.1%	5.5	5.3	73.1%	67.5%
Other audit-related procedures and services												
• GDF SUEZ SA	0.7	0.4	3.5%	2.0%	0.3	0.0	1.7%	0.0%	0.3	0.2	4.0%	2.1%
• Fully- and proportionately-consolidated subsidiaries	2.0	2.1	10.3%	10.3%	0.7	1.5	3.4%	7.0%	0.1	0.7	1.5%	9.1%
SUB-TOTAL	**18.6**	**19.8**	**94.9%**	**96.6%**	**17.2**	**20.1**	**87.9%**	**96.4%**	**7.3**	**7.8**	**97.0%**	**99.4%**
Other services												
• Tax	0.9	0.6	4.5%	3.1%	1.4	0.5	7.2%	2.6%	0.0	0.0	0.5%	0.4%
• Other	0.1	0.1	0.6%	0.3%	1.0	0.2	4.9%	1.0%	0.2	0.0	2.6%	0.2%
SUB-TOTAL	**1.0**	**0.7**	**5.1%**	**3.4%**	**2.4**	**0.7**	**12.1%**	**3.6%**	**0.2**	**0.0**	**3.0%**	**0.6%**
TOTAL [(2)]	**19.6**	**20.5**	**100%**	**100%**	**19.5**	**20.9**	**100%**	**100%**	**7.5**	**7.8**	**100%**	**100%**

(1) Fees incurred in 2011 in respect of proportionately consolidated entities, essentially as a result of statutory audit engagements, amounted to €0.23 million for Deloitte (€0.18 million in 2010), €0.34 million for Ernst & Young (€0.38 million in 2010) and €0.07 million for Mazars (€0.07 million in 2010).

(2) Fees paid to audit firms other than the Group's Statutory Auditors amounted to €4.5 million in 2011 (€3.6 million in 2010).

6.3 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 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 consolidated 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 consolidated 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 GDF SUEZ management report.

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 shareholder's general meetings, we hereby report to you, for the year ended December 31, 2011, 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 consolidated 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 about whether the consolidated financial statements are free of material misstatement. An audit includes performing procedures, using sample testing techniques or other selection methods, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. 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 at December 31, 2011 and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF ASSESSMENTS

The accounting estimates have been prepared in a context of high volatility of the markets and of financial crisis in the euro zone whose consequences make it difficult to forecast economical mid-term perspectives. It is in this context, described in note 1.4 to the consolidated financial statements, 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 have made our own assessments and we bring to your attention the following matters:

Accounting estimates

As disclosed in note 1.4 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 acquired and liabilities assumed in connection within a business combination, and the measurement of goodwill, property, plant and equipment and intangible assets, the measurement of provisions, either provisions for back-end nuclear cycle, provisions for dismantling nuclear facilities or other 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 1.4 to the consolidated financial statements also specifies that the future results of the related transactions may differ from these estimates.

- Regarding the measurement of the fair value of assets acquired and liabilities assumed in connection within a business combination, our procedures consisted in assessing the methodologies and assumptions used to measure the related assets and liabilities and to verify that note 2 to the consolidated financial statements provides appropriate disclosure.
- 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 for back-end nuclear cycle and provisions for dismantling of nuclear facilities, we have reviewed the bases on which these provisions have been recorded and verified that notes 1.4.1.3 and 17 to the consolidated financial statements provide appropriate disclosures, notably the main assumptions, such as the scenario retained for managing radioactive fuel, costs assumptions, the timetable of operations and the discount rate.

- Regarding other provisions, in particular, provisions for dismantling gas infrastructures, provisions for litigation, and provisions for retirement and other employee benefits, we have assessed the bases on which these provisions have been recorded and notably the timetable for the end of gas operations regarding the gas infrastructure businesses in France, and verified that notes 5, 18 and 26 to the consolidated financial statements provide appropriate disclosure.
- The Group uses internal models representative of market practices for the valuation of financial derivative instruments that are not listed on active markets. Our work consisted in examining the system for monitoring these models and assessing the data and assumptions used. We have also verified that notes 14 and 15 to the consolidated financial statements provide appropriate disclosure.
- Regarding electricity and gas sales to customers segments whose energy consumption is metered during the accounting period, the Group estimates revenue on the bases of estimations of consumption in line with the volume of energy allocated by the grid managers on the same period and estimations of average selling prices. Our work consisted in assessing the methods and assumptions used to calculate these estimates and verifying that note 1.4.1.6 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 appropriateness of the accounting treatments adopted by the GDF SUEZ Group, in particular, in respect of:

- 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 concession contracts,
- the classification of arrangements which contains a lease,
- the recognition of acquisitions of non-controlling interests prior to January 1, 2010.

We verified that note 1 to the consolidated financial statements provides appropriate disclosure in this respect.

Restatement of the comparative information

The note 1.2 to the financial consolidated statements presents the impact of the correction of the error in the computation of the "gas in the meter" receivable and the restatement of comparative information relating to the period ended as of December 31, 2010 in accordance with IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors". We have examined elements relating to this restatement and verified the appropriateness of the information given on this matter.

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 relating to the Group presented in the 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 6, 2012

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres	MAZARS
Véronique Laurent	Pascal Macioce	Isabelle Sapet
Pascal Pincemin	Charles-Emmanuel Chosson	Thierry Blanchetier

6.4 PARENT COMPANY FINANCIAL STATEMENTS

6.4.1 FINANCIAL STATEMENTS

Balance sheet assets

In millions of euros	Note	Dec. 31, 2011 Gross	Dec. 31, 2011 Depreciation, amortization and impairment	Dec. 31, 2011 Net	Dec. 31, 2010 Net
NON-CURRENT ASSETS					
Intangible assets	C 1-2-8	1,400	627	773	755
Property, plant and equipment	C 1-2-8	1,026	553	473	474
Financial fixed assets	C 4				
Equity investments		64,263	2,715	61,548	59,128
Other financial fixed assets		1,953	352	1,601	6,127
	I	**68,642**	**4,247**	**64,395**	**66,484**
CURRENT ASSETS					
Inventories	C 5-8				
Gas reserves		1,965		1,965	1,184
Other		1		1	2
Advances and downpayments received on orders		8		8	7
Operating receivables	C 6-8				
Trade and other receivables		4,405	184	4,221	6,715
Other operating receivables		801		801	790
Miscellaneous receivables					
Current accounts with subsidiaries		7,233		7,233	5,642
Other miscellaneous receivables		1,152	21	1,131	710
Marketable securities	C 9	1,699		1,699	1,185
Cash and cash equivalents		245		245	411
	II	**17,509**	**205**	**17,304**	**16,646**
ACCRUALS	III C 7	726		726	554
UNREALIZED FOREIGN EXCHANGE LOSSES	IV	602		602	450
TOTAL ASSETS	**(I TO IV)**	**87,479**	**4,452**	**83,027**	**84,134**

Balance sheet equity and liabilities

In millions of euros		Note	Dec. 31, 2011	Dec. 31, 2010
EQUITY				
Shareholders' equity		C 10		
Share capital			2,253	2,250
Additional paid-in capital			29,715	29,683
Revaluation adjustments			42	43
Legal reserve			226	226
Other reserves			147	130
Retained earnings			13,189	15,685
Net income			2,389	857
Interim dividend			(1,838)	(1,846)
Tax-driven provisions and investment subsidies		C 12	715	672
	I		46,838	47,700
OTHER EQUITY	II	C 11	454	449
	I+II		47,292	48,149
PROVISIONS FOR CONTINGENCIES AND LOSSES	III	C 12	3,416	3,187
LIABILITIES				
Borrowings and debt		C 13-14-15		
Borrowings			20,698	18,079
Current accounts with subsidiaries			2,625	3,987
Other borrowings and debt			1,162	1,116
			24,485	23,182
Advances and downpayments received on orders			1	1
Trade and other payables			4,900	6,333
Tax and employee-related liabilities			988	1,443
Other liabilities			1,209	1,176
	IV		31,583	32,135
ACCRUALS	V	C 7	197	232
UNREALIZED FOREIGN EXCHANGE GAINS	VI		539	431
TOTAL EQUITY AND LIABILITIES	**(I TO VI)**		**83,027**	**84,134**

Income statement

In millions of euros	Note	Dec. 31, 2011	Dec. 31, 2010
Energy sales		22,143	23,356
Other production sold		1,983	2,017
REVENUES	C 16	**24,126**	**25,373**
Production taken to inventory		0	(9)
Production for own use		74	61
TOTAL PRODUCTION		**24,200**	**25,425**
Energy purchases and change in gas reserves		(16,994)	(17,102)
Other purchases		(29)	(31)
Other external charges		(6,924)	(7,372)
VALUE ADDED		**253**	**920**
Taxes and duties net of subsidies received		(83)	(79)
Personnel costs		(769)	(705)
GROSS OPERATING INCOME/(LOSS)		**(599)**	**136**
Net additions to depreciation, amortization and impairment	C 17	(74)	(163)
Net additions to provisions	C 17	(117)	(5)
Other operating income and expenses		(285)	(65)
NET OPERATING LOSS		**(1,075)**	**(97)**
NET FINANCIAL INCOME	C 18	**3,161**	**1,491**
NET RECURRING INCOME		**2,086**	**1,394**
NON-RECURRING ITEMS (1)	C 19	**486**	**(893)**
ADJUSTMENT TO “GAS IN THE METER” NET OF TAX	B	**(478)**	**-**
INCOME TAX (1)	C 20	**295**	**356**
NET INCOME		**2,389**	**857**

(1) Excluding the impact of adjustments to «gas in the meter» in 2011.

Cash flow statement

In millions of euros		Dec. 31, 2011	Dec. 31, 2010
1. Cash flows from operations [1]	1	**1,898**	**1,727**
Change in inventories	2a	779	(598)
Change in trade receivables (net of trade receivables with a credit balance) [1]	2b	(1,575)	1,780
Change in trade payables	2c	328	(926)
Change in other items [1]	2d	437	(32)
2. Change in working capital requirements (2a+2b+2c+2d) [1]	2	**(31)**	**224**
CASH FLOW FROM OPERATING ACTIVITIES	(1 - 2) I	**1,929**	**1,503**
II - Investing activities			
1. Cash flow used in investing activities			
Property, plant and equipment and intangible assets		164	223
Financial fixed assets		6,454	3,604
Change in amounts payable on investments		1,100	(1,350)
	1	**7,718**	**2,477**
2. Cash flow from investing activities			
Net proceeds from asset disposals		1,538	156
Decrease in financial fixed assets		8,427	1,978
	2	**9,965**	**2,133**
CASH FLOW FROM INVESTING ACTIVITIES	(1 - 2) II	**(2,247)**	**344**
III - CASH FLOW AFTER OPERATING AND INVESTING ACTIVITIES	(I - II) III	**4,176**	**1,159**
IV – Financing activities			
1. Capital increases: employee share subscriptions	1	**35**	**497**
2. Dividends and interim dividends paid to shareholders [2]	2	**(3,328)**	**(3,330)**
3. Financing raised on capital markets			
Bond issues		2,261	2,812
Short- and medium-term credit facilities [3]		3,383	36,006
	3	**5,644**	**38,818**
4. Repayments			
Bond issues and short- and medium-term credit facilities [3]		3,254	37,568
	4	**3,254**	**37,568**
CASH FLOW USED IN FINANCING ACTIVITIES	(1+2+3-4) IV	**(903)**	**(1,583)**
V - CHANGE IN CASH AND CASH EQUIVALENTS [4]	(III+IV) V	**3,273**	**(423)**

(1) Amounts in 2011 have been restated to reflect the adjustment to delivered unbilled natural gas ("gas in the meter").

(2) The €3,328 million figure reflects the 2010 recurring dividend net of the interim dividend paid in 2010 (€1,490 million) and the 2011 interim dividend (€1,838 million).

(3) As from 2011, issues and redemptions of treasury bills and US commercial paper are presented net. Adopting the same presentation in 2010 would have resulted in €582 million in issues of short- and medium-term credit facilities and €2,144 million in repayments of bonds and short- and medium-term credit facilities.

(4) The change in cash and cash equivalents reflects mainly the cash transferred to GDF SUEZ SA in the full asset transfer (transmission universelle de patrimoine) involving Ondeo (€1,069 million) and the GDF International capital redemption (€1,000 million).

6.4.2 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

A. Summary of significant accounting policies

The 2011 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 la Réglementation Comptable* – CRC), and with the valuation methods described below.

Financial transactions involving equity investments, securities 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 and judgment

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 site rehabilitation costs, the measurement of derivative financial instruments not quoted on an active market, provisions for contingencies, the measurement of equity investments, delivered unbilled natural gas ("gas in the meter"), and provisions and off-balance sheet commitments relating to employee benefits.

The financial crisis that has been raging over the last few months has prompted GDF SUEZ SA to reinforce its risk management procedures and to factor in a risk assessment – particularly of counterparty risk – when pricing its financial instruments. The Company has taken the crisis and the ensuing severe market volatility into account in its business plans and in the various discount rates used to perform impairment tests and calculate provisions.

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 in 2008 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 in 1985 and 1986 pursuant to Law No. 83.1 of January 10, 1983 and Law 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 is included in financial expenses (see Note 11).

Irredeemable and non-voting securities that have been redeemed are classified in "Marketable securities".

Gains or losses arising on the cancelation of irredeemable and non-voting securities 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;
- the technical loss 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 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.

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 60 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 has fallen below their book value. 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 a liquidity agreement with an investment services provider. Under this agreement, 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 is 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.

The amount receivable in respect of delivered unbilled natural gas (“gas in the meter”) is calculated using a direct method taking into account estimated customer consumption based on the most recent customer bill or unbilled gas reading, in line with the allocation of the distribution grid manager over the same period. Gas in the meter is measured at the average energy price. 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 to determine the portion of unbilled revenues at the reporting date.

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.

Other operating receivables

Other operating receivables include current accounts with other Group companies. Items for which there is a risk of non-collection are written down by means of an impairment provision.

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 vesting period. 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 vesting period, 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

Companies belonging to the electricity and gas industries sector

GDF SUEZ SA employees qualify 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), or benefits due during the employee's working life (long-service awards and bonus leave).

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.

The recognition of gains or losses on these transactions depends on whether 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 whether they are traded over-the-counter, in which case the change in market value is not recognized.

In the case of contracts traded over the counter that qualify as hedging instruments, gains or losses are taken to income symmetrically with the gain or loss on the hedged items. A provision is booked for unrealized losses that do not qualify for hedge accounting treatment.

If the hedged item ceases to exist, the contract is unwound and any gains or losses taken to income.

GDF SUEZ SA uses internal models representative of market practices to value financial derivative instruments that are not listed on financial markets.

Income tax

Since January 1, 1988, GDF SUEZ SA has been part of the tax consolidation regime introduced by Article 68 of Law No. 87-1060 of December 30, 1987. GDF SUEZ SA is head of a tax consolidation group within the meaning of Articles 223 A et seq. of the French Tax Code (Code général des impôts).

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, 2011 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 its 2011 financial statements, as employee rights are included in the Company training plan.

B. Comparability of periods presented

The financial statements for the year ended December 31, 2011 are comparable with the financial statements for the year ended December 31, 2010 except as regards an adjustment made to correct an estimation of the amount receivable in respect of delivered unbilled natural gas ("gas in the meter").

The error was due to the use of an incomplete model and certain incorrect calculation parameters. The cumulative impact of this error mostly concerns the period prior to July 22, 2008, the date of the merger between Gaz de France and SUEZ.

Appropriate measures were implemented during the six months ended June 30, 2011 to improve the reliability of the "gas in the meter" computation model and to reinforce internal control accordingly. The amounts billed to the 10.1 million customers in France are in no way affected.

In accordance with CNC Opinion No. 97-06, the net-of-tax adjustment concerning the financial statements prior to 2011 is recorded in income for 2011. Consequently, the one-off charge corresponding to the difference between revenue recalculated retrospectively in accordance with the adjusted model is shown after tax on the "Adjustment to gas in the meter, net of tax" line in the income statement. To reflect the revised calculation, €833 million was debited from trade receivables, €218 million credited to other operating receivables (income tax receivables) and €137 million debited from other liabilities in 2011.

The impact of the adjustment essentially concerns the period prior to December 31, 2008 and the impacts on the 2010 income statement are therefore limited. Accordingly, the data have not been restated.

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, 2010	Increases	Decreases	Reclassifications	Dec. 31, 2011
INTANGIBLE ASSETS	**1,281**	**115**	**(2)**	**6**	**1,400**
Software	460	-	(2)	100	558
Technical losses	285	-	-	-	285
Other intangible assets	427	-	-	-	427
Intangible assets in progress	109	115	-	(94)	130
PROPERTY, PLANT AND EQUIPMENT	**997**	**56**	**(21)**	**(6)**	**1,026**
Land	40	-	(1)	-	39
Buildings	486	-	(5)	35	516
Plant and equipment	141	1	(7)	19	154
Other	239	1	(8)	35	267
Property, plant and equipment in progress	91	54	-	(95)	50
ADVANCES AND DOWNPAYMENTS	**-**	**-**	**-**	**-**	**-**
	2,278	**171**	**(23)**	**-**	**2,426**

Research and development costs recognized in expenses in 2011 totaled €98 million (€90 million in 2010).

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, 2010	Additions taken through the income statement	Reversals taken through the income statement	Changes taken through the balance sheet	Dec. 31, 2011
INTANGIBLE ASSETS	**526**	**110**	**(8)**	**(1)**	**627**
Software	231	80	(1)	(1)	309
Technical losses	-	-	-	-	-
Other intangible assets	295	30	(7)	-	318
PROPERTY, PLANT AND EQUIPMENT	**523**	**46**	**(17)**	**1**	**553**
Land	-	-	-	-	-
Buildings	337	15	(5)	1	348
Plant and equipment	77	6	(6)	-	77
Other	109	25	(6)	-	128
Property, plant and equipment in progress	-	-	-	-	-
	1,049	**156**	**(25)**	**-**	**1,180**

Movements in depreciation, amortization and impairment can be broken down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Depreciation, amortization and impairment	**149**	**158**
Straight-line method	147	156
Declining-balance method	1	1
Impairment	1	1
Exceptional depreciation and amortization	**7**	**1**
Reversals	**(1)**	**(1)**

Other 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 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	92	(6)	75	(17)
Other property, plant and equipment	-	-	-	-

Contractual commitments are as follows:

	Lease payments					
In millions of euros	Paid in 2011	Outstanding	Due in 1 year or less	Due in 1 to 5 years	Due in more than 5 years	Purchase option price
Property	7	25	7	17	1	-
Other property, plant and equipment	-	-	-	-	-	-

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, 2010	Increases	Decreases	Other	Dec. 31, 2011
Equity investments	**62,839**	**5,492**	**(4,089)**	**21**	**64,263**
Consolidated equity investments	62,469	5,486	(4,086)	-	63,869
Non-consolidated equity investments	370	6	(3)	21	394
Other investments	-	-	-	-	-
Other financial fixed assets	**6,428**	**981**	**(5,435)**	**(21)**	**1,953**
Other long-term investments	7	159	-	-	166
Amounts receivable from equity investments	6,071	788	(5,255)	(21)	1,583
Loans	32	1	(8)	-	25
Other financial fixed assets	318	33	(172)	-	179
	69,267	**6,473**	**(9,524)**	**-**	**66,216**

The year-on-year change in equity investments at December 31, 2011 is essentially attributable to:

- the €5,322 million capital increase carried out by GDF SUEZ Finance *via* a transfer of receivables held by GDF SUEZ SA;
- the €113 million capital increase carried out by SUEZ Environnement Company following the exercise of stock dividends;

offset by:

- the derecognition of Ondeo shares for €2,580 million following the transfer of all of Ondeo's assets to GDF SUEZ SA in December 2011;
- the €1,000 million capital reduction carried out by GDF International;
- the sale of 18.2% of GRTgaz for €450 million.

At December 31, 2011, GDF SUEZ SA held 6,700,000 treasury shares under the liquidity agreement. These shares had an acquisition cost of €160 million and a market value of €142 million at that date. An impairment provision of €18 million was recognized against these shares at December 31, 2011 (see Note 4 B – "Other"). At December 31, 2010, no treasury stock was held by the Company. Movements in treasury stock are detailed in Note 10 A.

Equity investments and amounts due from these investments are detailed in Note 27.

Note 4 B Impairment

In millions of euros	Dec. 31, 2010	Additions	Reversals	Other	Dec. 31, 2011
Consolidated equity investments	3,465	4	(1,000)	-	2,469
Non-consolidated equity investments	246	1	(5)	4	246
Amounts receivable from equity investments	300	18	-	15	333
Other	1	18	-	-	19
	4,012	**41**	**(1,005)**	**19**	**3,067**

Soper holds a put option with respect to GDF SUEZ SA on its interest in La Compagnie du Vent. The option is exercisable in stages from 2011 and in full from 2013 through 2030. In the event that it is exercised, the transaction price resulting from the valuation process may differ from the carrying amount of the interest in the company's accounts, which is based on value in use and in particular, takes account of the benefits of belonging to the GDF SUEZ Group.

Reversals mainly concern the provision for impairment of Ondeo shares, which was written back in full for an amount of €867 million following the transfer of all of the company's assets to GDF SUEZ SA and the resulting dissolution of the company, as well as the provisions for impairment regarding Genfina and GDF SUEZ Finance, amounting to €82 million and €50 million, respectively.

Other movements reflect the transfer of provisions carried in Ondeo's balance sheet to GDF SUEZ SA with no impact on income.

NOTE 5 INVENTORIES

In millions of euros	Gross value at Dec. 31, 2010	Increases	Decreases	Gross value at Dec. 31, 2011
Gas reserves	1,184	2,095	(1,314)	1,965
Other	2	-	(1)	1
	1,186	**2,095**	**(1,315)**	**1,966**

NOTE 6 MATURITY OF RECEIVABLES

In millions of euros	Gross amount at Dec. 31, 2011	Due		
		End-2012	Between 2013 and 2016	2017 and beyond
Non-current assets				
Amounts receivable from equity investments	1,583	432	616	535
Loans	25	5	9	11
Other	179	17	81	81
Current assets				
Trade and other receivables	4,405	4,340	65	-
Current accounts with subsidiaries	7,233	7,233	-	-
Other operating receivables	801	801	-	-
Other receivables	1,152	1,027	112	13
Advances and downpayments made on orders	8	4	-	4
	15,386	**13,859**	**883**	**644**

NOTE 7 ACCRUALS

Assets

In millions of euros	Dec. 31, 2010	Increases	Decreases	Dec. 31, 2011
Loan redemption premiums	58	29	(6)	81
Deferred loan issuance costs	30	55	(7)	78
Financial instruments	466	670	(569)	567
	554	**754**	**(582)**	**726**

Liabilities

In millions of euros	Dec. 31, 2010	Increases	Decreases	Dec. 31, 2011
Options contracts	95	129	(143)	81
Financial instruments	137	116	(137)	116
	232	**245**	**(280)**	**197**

NOTE 8 IMPAIRMENT OF ASSETS (EXCLUDING FINANCIAL FIXED ASSETS)

In millions of euros	Dec. 31, 2010	Additions	Reversals	Dec. 31, 2011
Intangible assets	221	-	(7)	214
Property, plant and equipment	1	-	(1)	-
Inventories	-	-	-	-
Receivables	280	104	(179)	205
Marketable securities	-	-	-	-
	502	**104**	**(187)**	**419**

NOTE 9 MARKETABLE SECURITIES

Marketable securities shown on the balance sheet for a gross amount of €1,699 million had a market value of €1,615 million at December 31, 2011. The unrealized capital loss concerns the GDF SUEZ shares purchased in connection with employee share grants (€90 million). These shares are not written down to their market value due to the Company's commitment to its employees and to the provision recognized in liabilities for this purpose (see Note 12 B2). The market value of other marketable securities exceeds their cost.

NOTE 10 SHAREHOLDERS' EQUITY

Note 10 A Share capital – shares issued and outstanding

Share capital is fully paid up. Each €1-share carries a single voting right.

Share capital

Shares comprising the share capital at January 1, 2011	2,250,295,757
Shares issued during the period following employee share subscriptions	2,340,451
Total number of shares comprising the share capital	**2,252,636,208**

In 2011, a total of 15,741,982 shares were purchased and 9,041,982 shares were sold under the liquidity agreements, generating a net capital loss of €2 million. GDF SUEZ SA held 6,700,000 treasury shares under the liquidity agreement at December 31, 2011 and zero treasury shares under the agreement at end-2010.

GDF SUEZ SA held 32,183,494 shares in connection with bonus share awards at December 31, 2011 (see Note 10 C).

Note 10 B Change in shareholders' equity

In millions of euros

Shareholders' equity at December 31, 2010	**47,700**
Employee share subscriptions (capital plus additional paid-in capital)	35
Dividends and interim dividends paid	(3,328)
Cancelation of treasury shares	-
Tax-driven provisions	43
Miscellaneous	(1)
Income	2,389
Shareholders' equity at December 31, 2011	**46,838**

In 2011, GDF SUEZ SA paid:

- a recurring dividend net of the interim dividend paid in 2010 for €0.67 per share, representing a total amount of €1,490 million. The total 2010 dividend was €1.50 per share, representing a total payout of €3,336 million;
- an interim dividend for 2011 of €0.83 per share, representing a total amount of €1,838 million.

No shares were issued to Group employees in 2011.

Note 10 C Employee bonus share awards and stock option plans

Bonus share policy and stock option policy

Bonus share awards are intended to involve all employees more closely in the Group's growth and performance. They are awarded to employees upon a decision of the Board of Directors, in accordance with decisions taken by the Shareholders' Meeting, subject to a minimum seniority of two years and a number of performance conditions.

Stock option policy – or employee share issues prior to the merger between Gaz de France and SUEZ – aims to closely involve executive and senior management, as well as high-potential managers, in the future development of the Company and in creating shareholder value. 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. Certain stock option awards have been replaced by bonus share awards, made available to more employees than were previously eligible for stock options.

In 2011, GDF SUEZ SA granted 6,196,300 bonus shares to GDF SUEZ Group employees. No stock options were granted during the year. On June 22, 2011, the Board of Directors resolved to grant 25 bonus shares to all Group employees provided they had been with the Group for at least two years. The bonus share award represented a total of 4,176,758 shares.

In 2011, GDF SUEZ SA awarded 3,421,670 shares to Group employees.

Based on all existing share plans, the number of beneficiaries and staff turnover assumptions, at December 31, 2011 GDF SUEZ SA considered that it had an obligation to deliver 26,086,873 shares, including 11,595,590 shares on the exercise of stock options.

In 2011, GDF SUEZ SA purchased 9,751,000 shares for a total of €200 million. In view of the shares delivered in 2011, the Company holds 32,183,494 shares to cover its bonus share obligations at December 31, 2011, representing a total amount of €770 million. The market value of these shares at the end of 2011 was €680 million.

Details of bonus share and stock option plans in force

Bonus shares awarded *In millions of euros*	**Number of shares awarded or delivered**	**Per share value**	**Expense in** 2011	2010
SUEZ plan of July 16, 2007 *	964,500	27.75	3.3	6.8
SUEZ plan of November 14, 2007 *	717,609	27.75	1.1	(8.1)
GDF plan of May 28, 2008 *	852,464	27.75	-	(8.6)
SUEZ plan of June 1, 2008 *	1,397,829	27.75	4.9	(6.0)
GDF SUEZ plan of November 12, 2008	658,561	27.27	3.4	(7.4)
GDF SUEZ plan of July 8, 2009	3,016,348	26.89	20.2	33.4
GDF SUEZ plan of November 10, 2009	1,435,207	27.06	13.1	16.5
GDF SUEZ plan of January 20, 2010	331,576	27.75	4.1	4.3
GDF SUEZ plan of March 3, 2010	48,434	26.15	0.5	0.4
GDF SUEZ plan of August 24, 2010	187,672	20.23	0.7	0.3
GDF SUEZ plan of January 13, 2011	3,272,266	24.53	23.4	-
GDF SUEZ plan of March 2, 2011	57,377	24.93	0.5	-
GDF SUEZ plan of June 22, 2011	4,176,758	24.97	21.3	-
GDF SUEZ plan of December 6, 2011	2,866,697	20.23	1.2	-
			97.7	**31.6**

* *Plans for which shares have been partially or totally delivered.*

Stock options granted *In millions of euros*	**Number of stock options granted**	**Exercise value**	**Expense in** 2011	2010
GDF SUEZ plan of November 12, 2008	6,401,610	32.74		none
GDF SUEZ plan of November 10, 2009	5,193,980	29.44		(0.2)
				(0.2)

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 stock subscription options granted since the merger, GDF SUEZ SA could be required to issue a maximum 22,584,740 shares at December 31, 2011.

NOTE 11 OTHER EQUITY

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Irredeemable and non-voting securities (titres participatifs)	429	429
Value of concession assets – Concession grantors' rights	25	20
	454	**449**

GDF SUEZ SA issued irredeemable and non-voting securities in 1985 and 1986 pursuant to Law No. 83.1 of January 1, 1983 and Law No. 85.695 of July 11, 1985. Since August 1992, GDF SUEZ SA may choose to redeem these irredeemable and non-voting securities at any time, at a price equal to 130% of their nominal amount.

The irredeemable and non-voting securities 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 was set up in 2006 (see Note 21 A).

At end of 2011, the corresponding financial expense amounted to €20 million.

NOTE 12 PROVISIONS

Note 12 A Tax-driven provisions and investment subsidies

In millions of euros	Dec. 31, 2010	Additions taken through the income statement	Reversals taken through the income statement	Dec. 31, 2011
Tax-driven provisions	**672**	**164**	**(121)**	**715**
Accelerated depreciation and amortization	424	122	(84)	462
Provision for price increases	246	42	(37)	251
Provision for investments	2	-	-	2
Investment subsidies	**-**	**-**	**-**	**-**
TOTAL	**672**	**164**	**(121)**	**715**

Note 12 B Provisions for contingencies and losses

In millions of euros	Dec. 31, 2010	Additions	Reversals (used provisions)	Reversals (surplus provisions)	Other	Dec. 31, 2011
Provisions for site rehabilitation (Note 12 B1)	28	10	(6)	-	-	32
Provisions relating to employees (Note 12 B2)	262	103	(101)	-	-	264
Provisions for taxes (Note 12 B3)	497	4	(83)	-	-	418
Provisions for tax consolidation (Note 12 B4)	1,955	159	(137)	-	-	1,977
Vendor warranties (Note 12 B5)	72	3	(10)	(16)	-	49
Risks arising on subsidiaries (Note 12 B6)	29	-	(2)	-	-	27
Other provisions for contingencies and losses (Note 12 B7)	344	441	(129)	(3)	(4)	649
	3,187	**720**	**(468)**	**(19)**	**(4)**	**3,416**

Note 12 B1 Provisions for site rehabilitation

Provisions for site rehabilitation totaled €32 million at December 31, 2011 versus €28 million at end-2010, and chiefly relate to the rehabilitation of land on which gas production plants were located. In 2011, €6 million of the provision was utilized, reflecting rehabilitation work completed. An additional charge of €10 million was also recognized to reflect revised estimates.

Note 12 B2 Provisions relating to employees

Provisions for employee benefits

Pension obligations are covered by insurance funds and a provision of €13 million.

Provisions have been set aside for the full amount of disability benefits and allowances for occupational accidents and illnesses of active employees at year-end (€82 million), end-of-career vacation (€15 million) and long-service awards (€7 million).

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, 2011, the corresponding provisions amounted to €13 million for pensions and €16 million for post-employment benefits.

The full amount of end-of-career indemnities is partially covered by insurance funds; the shortfall amounted to €25 million at December 31, 2011.

Details of changes in these provisions are provided in Note 22 D.

Provisions for employee bonus share awards and stock option plans (see Note 10 C)

At December 31, 2011, the provision for employee bonus share awards and stock option plans amounted to €131 million (end-2010: €128 million).

In 2011, GDF SUEZ SA set aside a further €97 million to this provision to cover rights vested by employees. It also wrote back €95 million of the provision following the expiration of certain bonus share plans.

In addition to presence in the Group at the vesting date, eligibility for certain bonus share and performance share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations.

Other provisions

At December 31, 2011, GDF SUEZ SA recognized other provisions relating to employees for €0.3 million.

Note 12 B3 Provisions for taxes

Provisions for taxes totaled €418 million at December 31, 2011 and €497 million at December 31, 2010, 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 2011 was €83 million.

Note 12 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 back 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. Since 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, 2011, the Company wrote back an amount of €108 million (€107 million at end-2010), corresponding to the neutralization of the excess amortization on the amortizable component arising in the year.

Provisions for tax consolidation amounted to €1,977 million at end-2011, including €1,522 million relating to the amortizable component of GrDF's intangible assets.

Note 12 B5 Provisions for vendor warranties

At December 31, 2011, provisions for vendor warranties totaled €49 million. Changes in these provisions in 2011 concern the warranty given on the sale of Indosuez to Crédit Agricole. As one of the disputes has been settled, the related provision was written back in full. An amount of €3 million was set aside to the provision to bring the provision amount into line with the estimated residual risks to which the Company is exposed.

Note 12 B6 Provisions for risks arising on subsidiaries

Risks arising on subsidiaries totaled €27 million at December 31, 2011 versus €29 million at end-2010.

Note 12 B7 Other provisions for contingencies and losses

This item mainly includes provisions for contingencies arising on other third parties, provisions for disputes, and provisions for currency and interest rate risk. Movements in these provisions chiefly impact non-recurring and financial items.

The net increase over the period related mainly to provisions for interest rate (€104 million), tax (€80 million) and financial instruments (€71 million).

NOTE 13 BORROWINGS AND DEBT

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Borrowings	**23,323**	**22,066**
Bonds	16,499	14,584
Other loans	4,199	3,495
Current accounts and loans with subsidiaries	2,625	3,987
Other borrowings and debt	**1,162**	**1,116**
Deposits received from customers	39	38
Current portion of interest due	535	528
Bank overdrafts	242	368
Miscellaneous	346	182
	24,485	**23,182**

The increase in borrowings in 2011 reflects:

- issues of euro bonds for €1,550 million, bonds issued in sterling for GBP 400 million and bonds issued in Swiss francs for 300 million, giving a total of €2,261 million (see details in Note 14 A), offset by the redemption of bonds for €512 million;
- a rise in issues of commercial paper, which totaled €883 million;
- a €500 million drawdown on a credit line;

offset by:

- a €679 million decrease in issues of US commercial paper;
- a €1,362 million reduction in current accounts and loans with subsidiaries.

NOTE 14 MATURITIES OF BORROWINGS, DEBT AND PAYABLES

In millions of euros	Dec. 31, 2011	Due		
		End-2012	Between 2013 and 2016	2017 and beyond
Borrowings and debt	**24,485**	**9,264**	**5,071**	**10,150**
Bonds	16,499	1,944	4,905	9,650
Other loans	4,199	3,699	-	500
Current accounts and loans with subsidiaries	2,625	2,625	-	-
Other borrowings and debt	1,162	996	166	-
Trade and other payables	**4,900**	**4,900**	**-**	**-**
Tax and employee-related liabilities	**988**	**988**	**-**	**-**
Other liabilities	**1,209**	**1,190**	**19**	**-**
Advances from customers	187	187	-	-
Other	1,022	1,003	19	-
Advances and downpayments received on orders	**1**	**1**	**-**	**-**
	31,583	**16,343**	**5,090**	**10,150**

Note 14 A Breakdown of bond debt

	Dec. 31, 2011	Issue date	Expiration date	Interest	Listing
Public issues					
• in millions of euros	968	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	800	10/2008	01/2014	6.250%	Luxembourg
• in millions of euros	900	10/2008	01/2019	6.875%	Luxembourg
• in millions of euros	45	12/2008	01/2014	6.250%	Luxembourg
• in millions of euros	300	12/2008	01/2019	6.875%	Luxembourg
• in millions of euros	1,140	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 euros	1,000	10/2010	10/2022	3.500%	Paris
• in millions of euros	1,000	10/2010	10/2017	2.750%	Paris
• in millions of euros	300	03/2011	03/2111	5.950%	Paris
• in millions of euros	150	10/2011	10/2018	3.046%	Paris
• in millions of euros	100	10/2011	10/2023	CMS10Y+0.505	Paris
• in millions of euros	1,000	11/2011	01/2020	3.125%	Paris
• 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 pounds sterling	700	10/2010	10/2060	5.000%	Paris
• in millions of pounds sterling	400	11/2011	10/2060	5.000%	Paris
• 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 Swiss francs	300	10/2011	10/2017	1.500%	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

Note 14 B Other loans

At December 31, 2011, other loans comprised mainly commercial paper in euros (€2,967 million, including €2,048 million at variable rates and €919 million at fixed rates) and US dollars (equivalent value of €732 million at fixed rates). These loans fall due in less than one year. In 2011, GDF SUEZ SA also drew €500 million on its credit facility.

Note 14 C Other borrowings and debt

Other borrowings and debt (deposits received from customers, bank overdrafts, bank facilities, etc.) are chiefly denominated in euros.

NOTE 15 ANALYSIS OF BORROWINGS AND DEBT BY CURRENCY AND INTEREST RATE

Note 15 A Analysis by interest rate

	After hedging		Before hedging	
In millions of euros	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Floating rate				
Bonds	5,388	5,346	280	165
Other loans	4,141	2,081	2,548	1,308
Current accounts with subsidiaries	2,625	3,987	2,625	3,987
Other borrowings and debt	1,162	1,116	1,162	1,116
Fixed rate				
Bonds	11,111	9,238	16,219	14,419
Other loans	58	1,414	1,651	2,187
Current accounts with subsidiaries	-	-	-	-
	24,485	**23,182**	**24,485**	**23,182**

Note 15 B Analysis by currency

	After hedging		Before hedging	
In millions of euros	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
In euros				
Bonds	16,499	14,584	11,717	10,692
Other loans	4,143	3,495	3,467	2,084
Current accounts with subsidiaries	2,617	3,797	2,617	3,588
Other borrowings and debt	896	1,116	896	1,116
In foreign currency				
Bonds	-	-	4,782	3,892
Other loans	56	-	732	1,411
Current accounts with subsidiaries	8	190	8	399
Other borrowings and debt	266	-	266	-
	24,485	**23,182**	**24,485**	**23,182**

NOTE 16 BREAKDOWN OF REVENUES

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy sales		
• France	14,210	15,989
• International	7,933	7,367
Works, research and services provided	1,219	1,248
Revenues from non-core activities and other	764	769
	24,126	**25,373**

NOTE 17 ADDITIONS TO DEPRECIATION, AMORTIZATION, IMPAIRMENT AND PROVISIONS (NET OF REVERSALS), AND OPERATING EXPENSE TRANSFERS

Note 17 A Net additions to depreciation and amortization

Movements in depreciation and amortization for non-current assets are detailed in Note 2.

Note 17 B Net additions to impairment

Net additions to impairment are detailed in Note 8.

Note 17 C Net changes in provisions

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Provision for capital renewal and replacement liabilities regarding concessions	2	2
Provision for site rehabilitation	4	4
Provisions relating to employees	14	(17)
Other contingency and loss provisions for operating items	97	16
	117	**5**

Note 17 D Operating expense transfers

Expense transfers are included in other operating income, and amounted to €3 million in 2011 and €17 million in 2010.

NOTE 18 FINANCIAL INCOME AND EXPENSE

In millions of euros	Dec. 31, 2011 Expenses	Dec. 31, 2011 Income	Dec. 31, 2011 Net	Dec. 31, 2010 Net
Other interest income and expenses	(1,253)	730	(523)	(777)
Interest on current accounts and amounts receivable from equity investments	(44)	117	73	291
Foreign exchange gains/(losses)	(1,277)	921	(356)	11
Dividends received	-	4,087	4,087	2,075
Movements in provisions for financial items	(246)	126	(120)	(109)
	(2,820)	**5,981**	**3,161**	**1,491**

Net financial income for the year includes the payment of exceptional dividends by GR Tgaz and GrDF for a total amount of €1,988 million. These payments were in addition to the recurring dividend paid by these companies.

NOTE 19 NON-RECURRING ITEMS

In millions of euros	Dec. 31, 2011 Expenses	Dec. 31, 2011 Income	Dec. 31, 2011 Net	Dec. 31, 2010 Net
Disposals of property, plant and equipment and intangible assets	(6)	25	19	18
Disposals of financial fixed assets	(1,098)	1,513	415	(77)
Provision for price increases	(43)	37	(6)	(9)
Accelerated depreciation and amortization	(121)	84	(37)	(64)
Movements in provisions relating to equity investments	(23)	1,006	983	(548)
Technical loss	(851)	-	(851)	-
Other	(71)	34	(37)	(213)
	(2,213)	**2,699**	**486**	**(893)**

The net balance of non-recurring items for 2011 chiefly reflects:

- the reversal of the provision for impairment of Ondeo, Genfina and GDF SUEZ Finance equity interests (see Note 4 B);
- the technical loss arising on the transfer of all of Ondeo's assets to GDF SUEZ SA.

NOTE 20 TAX POSITION

Note 20 A Tax consolidation regime

The current option to file consolidated tax returns initially elected by Gaz de France SA (now GDF SUEZ SA) was automatically renewed on January 1, 2008 for a period of five years.

Note 20 B Income tax

The income tax rate in 2011 was 36.10%. This includes the 3.3% contribution as well as the exceptional 5% contribution introduced in 2011 to the extent these are applicable to an individual or group tax basis.

In millions of euros	2011	2010
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)	(353)	(117)
Net change in provisions for income tax(3)	23	(250)
Other	35	11
CORPORATE INCOME TAX		
Income tax expense		
Income tax benefit	**(295)**	**(356)**

(1) In 2011 and 2010, GDF SUEZ SA generated a tax loss.

(2) The savings resulting from tax consolidation amounted to €353 million in 2011 and €117 million in 2010, and are attributable to the difference between:

- €2 million in tax due from the French Treasury in respect of the tax consolidation group at December 31, 2011, versus €489 million in tax due in respect of the tax group at December 31, 2010;
- the €351 million contribution to Group tax due to GDF SUEZ SA by subsidiaries reporting a profit (€606 million in 2010).
- (3) Net reversals from provisions for taxes in 2011 reflect mainly:
- €125 million in net additions to provisions in connection with tax losses of consolidated subsidiaries transferred to GDF SUEZ SA, versus €60 million in reversals from provisions in 2010, reflecting the utilization by subsidiaries of previous tax losses;
- €103 million in net reversals from provisions 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. This amount takes into account the adjustment to the 2012 provision resulting from the exceptional 5% contribution introduced in 2011 and 2012;
- €79 million in net reversals from provisions 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. This amount takes into account the adjustment to the 2012 provision resulting from the exceptional 5% contribution introduced in 2011 and 2012;
- €80 million in net additions to provisions in connection with current tax audits.

Note 20 C 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	2011	2010
Deferred tax liabilities		
• Unrecognized deductible expenses	602	509
• Untaxed income recognized	480	272
Deferred tax assets		
• Temporary non-deductible expenses recognized	884	590
• Unrecognized taxable income	566	434
Net deferred tax (asset in 2011)		
• Tax base	368	243
• Amount	127	84

Note 20 D 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. On July 7, 2009, the tax authorities informed GDF SUEZ SA that they would uphold their position. This was confirmed on December 7, 2011. GDF SUEZ SA has yet to receive the tax collection notice.

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).

1. 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 GDF SUEZ SA in connection with the Group's new bond issues, and by GDF SUEZ SA and Electrabel SA 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 credit facilities with various banks under which €11,100 million remains undrawn. These facilities include two syndicated credit lines, respectively for €4,000 million and €4,500 million, maturing in June 2015 and March 2016. At December 31, 2011, GDF SUEZ had drawn €500 million on these facilities. These facilities are not subject to any covenants or credit rating requirements;
- GDF SUEZ SA also has access to short-term debt markets through short-term debt issues: US commercial paper for USD 4,500 million (of which USD 947 million had been drawn at end-2011), and euro commercial paper (*billets de trésorerie*) for €5,000 million (€2,967 million drawn at end-2011);
- to optimize liquidity management at the level of the Group, the Finance Division of GDF SUEZ has set up a cash pooling mechanism with the Group's main subsidiaries, based around special purpose financing vehicles.

2. 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 Company 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 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. GDF SUEZ SA also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls) to reduce its exposure to counterparty risk. 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.

3. 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.

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, 2011						
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	Fair value	Notional amount at Dec. 31, 2010
INTEREST RATE SWAP							
fixed-rate borrower/floating-rate lender	-	1,531	1,629	1,544	4,704	(562)	4,303
floating-rate borrower/fixed-rate lender	2,058	2,731	4,205	1,010	10,004	771	8,740
SALE OF SWAPTION							
fixed-rate borrower/floating-rate lender	-	579	338	-	917	(113)	1,157
CAP PURCHASE	-	-	1,350	-	1,350	43	1,250
TOTAL EUR	**2,058**	**4,841**	**7,522**	**2,554**	**16,975**	**139**	**15,450**
INTEREST RATE SWAP							
fixed-rate borrower/floating-rate lender	241	790	-	-	1,031	(15)	525
TOTAL NOK	**241**	**790**	**-**	**-**	**1,031**	**(15)**	**525**
INTEREST RATE SWAP							
fixed-rate borrower/floating-rate lender	-	-	-	386	386	(89)	374
SALE OF SWAPTION							
fixed-rate borrower/floating-rate lender	1,005	-	-	-	1,005	(27)	-
TOTAL USD	**1,005**	**-**	**-**	**386**	**1,391**	**(116)**	**374**
	3,304	**5,631**	**7,522**	**2,940**	**19,397**	**8**	**16,349**

In millions of euros	Notional amount at Dec. 31, 2011						
	Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total	Fair value	Notional amount at Dec. 31, 2010
CURRENCY SWAP							
fixed-rate borrower/fixed-rate lender	-	-	838	1,916	2,754	55	2,207
TOTAL GBP	-	-	838	1,916	2,754	55	2,207
CURRENCY SWAP							
floating-rate borrower/fixed-rate lender	-	649	-	149	798	193	736
floating-rate borrower/floating-rate lender	-	180	-	-	180	22	166
TOTAL JPY	-	829	-	149	978	215	902
CURRENCY SWAP							
fixed-rate borrower/fixed-rate lender	-	-	247	-	247	(4)	780
floating-rate borrower/fixed-rate lender	802	-	-	-	802	176	-
TOTAL CHF	802	-	247	-	1,049	172	780
CURRENCY SWAP							
floating-rate borrower/floating-rate lender	773	-	-	-	773	44	1,496
TOTAL USD	773	-	-	-	773	44	1,496
	1,575	829	1,085	2,065	5,554	486	5,385

Interest rate hedges in force at December 31, 2011 are as follows:

- 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 €429 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 used to calculate the interest payable on the irredeemable and non-voting securities, while offering better liquidity and stability over the term of the hedge.
- 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). These included:
  - floating-rate borrower (Eonia)/fixed-rate lender swaps for a notional amount of €917 million at December 31, 2011 (euro commercial paper) and;
  - floating-rate borrower (Eonia)/floating-rate lender swaps for a notional amount of USD 1,000 million at December 31, 2011 (US commercial paper).
- GDF SUEZ SA uses floating-rate borrower swaps when it is issuing bonds unless management decides otherwise. Interest rate risk is subsequently managed centrally through the use of interest rate swaps and options with due reference to market conditions.
- 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 USD and NOK debt, for €386 million and €1,031 million, respectively.

4. 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 sale prices for eligible customers, and 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.

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.

At December 31, 2011, commitments under these contracts were as follows:

Forward contracts *In millions of euros*	Fixed portion of commitments at Dec. 31, 2011 — Maturity 2012	2013	2014 and beyond	Euro equivalent at Dec. 31, 2011	Exchange rate fluctuations at Dec. 31, 2011	Fixed portion of commitments at Dec. 31, 2010
LONG POSITIONS						
AUD	-	-	-	-	-	1
CHF	3	-	-	2	1	639
EUR	13	-	-	13	-	1
GBP	267	3	-	282	(12)	4,197
JPY	-	-	-	-	-	772
USD	2,918	114	-	3,159	(127)	2,382
SHORT POSITIONS						
AUD	-	-	-	-	-	1
CHF	59	-	-	60	(1)	55
EUR	-	-	-	-	-	1
GBP	281	-	-	290	(9)	1,848
HUF	39	-	-	38	1	43
MXN	24	-	-	24	-	134
NOK	991	-	-	991	-	303
RON	59	-	-	59	-	59
USD	1,236	1	-	1,333	(96)	410

5. Other financial commitments given

In millions of euros	Total at Dec. 31,2011	Maturity End-2012	Between 2013 and 2016	2017 and beyond
MARKET-RELATED COMMITMENTS				
Performance and other guarantees	569	87	90	392
Performance and other guarantees given on behalf of subsidiaries	5,532	1,312	1,208	3,012
FINANCING COMMITMENTS				
Personal sureties given	4,412	2,167	1,614	631
Guarantees and endorsements given to subsidiaries	2,974	553	1,382	1,039
Collateral given	-	-	-	-
Credit lines	190	-	-	190
OTHER COMMITMENTS GIVEN				
Contractual guarantees for sales of businesses	3,074	168	1,965	941
Operating lease commitments	656	90	332	234
Finance lease commitments	25	7	17	1
Commitments relating to LNG tankers	656	102	279	275
	18,088	**4,486**	**6,887**	**6,715**

Personal sureties totaling €4,412 million relate mainly to:

- debt issued and commitments given by GIE GDF SUEZ Alliance to members of the economic interest group (groupement d'intérêt économique – 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;
- payment guarantees granted to counterparties of GDF SUEZ SA.

Guarantees and endorsements to subsidiaries totaling €2,974 million correspond to payment guarantees granted by GDF SUEZ SA to third parties on behalf of its subsidiaries.

Commitments given with regard to credit lines totaling €190 million relate mainly to credit lines granted to GDF SUEZ SA subsidiaries.

Contractual guarantees for sales of businesses totaling €3,074 million 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 totaling €656 million 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 for €656 million 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 (€143 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 the 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 December 2009 to SUEZ Environnement – which now owns the entire share capital of the venture – these guarantees were reissued by GDF SUEZ SA. However, if a guarantee is called 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 Exploration-Production activities, it is customary for the parent company to provide local authorities with unlimited guarantees covering the obligations and environmental risks of subsidiaries and GDF SUEZ SA has provided numerous such guarantees;
- 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. There are some 369 such contracts;
- GDF SUEZ SA has also undertaken to:
  - 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 a building which it acquired after taking over the leasing contract held by one of its subsidiaries, on condition that it exercises the call option granted by the lessor;
  - following Société d'Infrastructures Gazières ("SIG") July 2011 acquisition of a 25% stake in GRTgaz, stand as guarantor for a period of 20 years and in proportion to its shareholding, against all losses incurred due to inaccurate representations

regarding the non-pollution of the land owned or exploited by GRTgaz and the cost of the resulting clean-up work payable by GRTgaz not covered by the rates. GDF SUEZ SA has also granted an 18-month guarantee that it has full ownership of the shares transferred to SIG and that GRTgaz has full ownership of, or valid rights of use to, the assets needed to carry on its activities in France.

6. Other financial commitments received

In millions of euros	Total at Dec. 31, 2011	Maturity: End-2012	Maturity: Between 2013 and 2016	Maturity: 2017 and beyond
MARKET-RELATED COMMITMENTS				
Guarantees received	45	5	20	20
FINANCING COMMITMENTS				
Undrawn credit facilities	10,600	150	10,450	-
Other financing commitments received	-	-	-	-
Other financing commitments received in relation to subsidiaries	-	-	-	-
OTHER COMMITMENTS RECEIVED				
Counter-guarantees for personal sureties	2,884	790	1,542	552
Counter-guarantees for trading commitments	-	-	-	-
Operating lease commitments	272	51	194	27
Finance lease commitments	25	7	17	1
Commitments relating to LNG tankers	550	55	220	275
	14,376	**1,058**	**12,443**	**875**

GDF SUEZ SA has negotiated two revolving lines of credit: (i) a €4.5 billion line secured in May 2005 whose maturity was extended from 2012 to March 2016 in 2011, and (ii) a €4 billion line secured in June 2010 and maturing in 2015. 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, 2011 was €51 million.

Counter-guarantees given on personal sureties concern guarantees received from members of GIE GDF SUEZ Alliance.

7. Securities commitments

At December 31, 2011, GDF SUEZ SA granted a put option to minority shareholders concerning 43.16% of La Compagnie du Vent. The put option is exercisable in stages as from 2011 and is fully exercisable between 2013 and 2030.

Note 21 B Commodity-related commitments

1. 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.

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, 2011, GDF SUEZ SA had commitments to purchase a minimum of 499 TWh the first year, 2,165 TWh between two and five years, and 4,811 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 other operators.

At December 31, 2011, commitments given by GDF SUEZ SA totaled 51 TWh under forward purchase contracts and 74 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.

At December 31, 2011, commitments given by GDF SUEZ SA totaled 32 TWh under forward electricity purchase contracts and 14 TWh under forward electricity sale contracts. As part of its CO_2 brokerage activities, GDF SUEZ SA has also entered into the same volume of forward purchases and sales of CO_2 emissions allowances for 244,264 tons of CO_2.

2. 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, GDF SUEZ Trading.

These derivatives are contracted to manage risks arising on:

- price engineering transactions designed to meet the growing demand among customers for tight contols 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.

	Notional amount at Dec. 31, 2011					
	In GWh by maturity			In millions of euros		
	x < 1 year	1 year < x < 2 years	x > 2 years		Fair value at Dec. 31, 2011 In millions of euros	Notional amount at Dec. 31, 2010 In GWh
SWAPS (LONG POSITIONS)						
Natural gas	24,091	7,846	1,805	724	(69)	40,723
Oil-based products	140,731	45,172	3,251	5,743	612	281,315
CER EUA– CO_2	175	75	-	4	(3)	400
SWAPS (SHORT POSITIONS)						
Natural gas	45,986	10,967	1,887	1,190	31	77,028
Oil-based products	89,497	26,388	2,400	4,405	(360)	158,315
CER EUA– CO_2	175	75	-	5	4	400
OPTIONS (LONG POSITIONS)						
Natural gas	-	-	-	-	(1)	1,683
Oil-based products	5,350	5,099	-	(1)	-	9,345
OPTIONS (SHORT POSITIONS)						
Oil-based products	-	-	-	-	-	54
Electricity	5,600	1,095	-	(7)	(1)	11,166
FORWARDS (LONG POSITIONS)						
Oil-based products	43	-	-	1	-	-
Electricity	1,824	701	-	130	(10)	18,366
CO_2	273	-	-	4	(2)	-
FORWARDS (SHORT POSITIONS)						
Electricity	8,861	3,007	426	717	76	17,696
CO_2	29	-	-	1	-	-

Note 21 C Energy savings certificates

Planning Law 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.

GDF SUEZ SA successfully discharged its energy savings obligations for the first three-year period from July 1, 2006 to June 30, 2009.

National energy savings targets for the second three-year period from January 1, 2011 to December 31, 2013 have been fixed at 345 TWh for the three years. Decree No. 2010-1663 of December 29, 2010 sets out the new bases for calculating and allocating national energy savings targets between different enterprises.

Each energy supplier's annual target is determined based on its sales and an energy proportionality coefficient:

Energy	Target-based coefficient
Electricity:	0.168 kWh cumac */kWh sold
Natural gas:	0.095 kWh cumac */kWh sold

* *Cumac: updated cumulative kilowatt-hours (kWh).*

Because of the manner in which they are determined, final targets for individual energy suppliers for the 2011-2013 period will be published in a government decree by March 31, 2014 at the latest.

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.

Note 21 E Legal and arbitration proceedings

1. Competition and industry concentration

On June 11, 2008, Gaz de France received a statement of objections from the European Commission in which the Commission voiced 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 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 gas markets. GDF SUEZ SA 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 SA and E.ON had agreed not to supply gas transported *via* the Megal pipeline to customers in their respective markets.

GDF SUEZ SA brought an action for annulment before the General Court of the European Union on September 18, 2009. The appeal is pending. The written phase of the proceedings before the Court continued throughout 2010. The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court may have.

The hearing before the General Court of the European Union was held on September 21, 2011. A judgment will be delivered at a later date.

2. Argentina

In Argentina, concession contract tariffs were frozen by a Public Emergency and Exchange Regime Reform Act (Emergency Act) enacted in January 2002, preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar.

In 2003, SUEZ (now GDF SUEZ SA) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched arbitration proceedings against the Argentine State in its capacity as concession grantor before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the Franco-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim to obtain compensation for the loss of value of investments made since the start of the concession, as a consequence of measures taken by the Argentine State following the adoption of the abovementioned Emergency Act. In 2006, the ICSID recognized its jurisdiction over the two disputes. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, Aguas Provinciales de Santa Fe announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, Aguas Argentinas filed for "Concurso Preventivo" (similar to the French bankruptcy procedure). As part of this procedure, a settlement proposal involving the novation of Aguas Argentinas's admissible liabilities was approved by creditors and confirmed by the bankruptcy court on April 11, 2008. The settlement of these liabilities is underway. The proposal provides for an initial payment of 20% of these liabilities (approximately USD 40 million) upon approval, and a second payment of 20% in the event that compensation is obtained from the Argentine State. As controlling shareholders, GDF SUEZ SA and Agbar decided to financially support Aguas Argentinas in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

As a reminder, 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.

By two decisions dated July 30, 2010, ICSID recognized the liability of the Argentine State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. Following these two decisions, the arbitration tribunal will set in the coming months, the amount of the award to be paid in compensation of the losses sustained.

The expert's report is expected in 2012.

3. 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 the claim unfounded.

On June 27, 2011, the Court of Cassation overturned the appeal brought by Deminor and others on May 22, 2009. It is for Deminor and others to bring an action against the Belgian financial services and markets authority (*Autorité belge des services et marchés financiers* – FSMA), formerly the Belgian Banking, Financial and Insurance Commission, and GDF SUEZ SA before the Brussels Court of Appeal, sitting in a different formation.

MM. Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application was void. A new application was filed, without involving Electrabel and the FSMA. By a ruling issued on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

Mr. Geenen appealed this decision before the Court of Cassation on June 2, 2010. The appeal is pending.

4. AES Energia Cartagena

GDF SUEZ SA is involved in arbitration proceedings lodged by AES Energia Cartagena before the International Court of Arbitration (ICC) in September 2009 in connection with the Energy Agreement dated April 5, 2002. The Energy Agreement governs the conversion by AES Energia Cartagena of gas supplied by GDF SUEZ SA 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 bear 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 proceedings were held in London. When brought to a conclusion, on October 21, 2011, the parties were informed that the arbitrators had made a draft award and submitted it to the ICC for review, mainly as to its form.

On October 20, 2011, the parties signed a settlement agreement. This agreement is subject to certain conditions precedent including the initial completion date of December 31, 2011, which was eventually extended to February 17, 2012. The conditions precedent were met on January 31, 2012 and the closing date was set for February 9, 2012. In the meantime, the arbitration proceedings have been suspended.

5. Freeze of regulated natural gas prices in France as of October 1, 2011

The ministerial decree of September 29, 2011 relating to regulated prices for natural gas provided from the GDF SUEZ Group's distribution networks resulted in a freeze of regulated natural gas prices. GDF SUEZ SA considers that this decree does not comply with (i) the law according to which regulated prices must cover all costs, (ii) competitive market rules and (iii) the public service contract signed between the Company and the State. GDF SUEZ SA finds the decree to be contrary to the Company's and its competitors' interests as well as the State's financial and ownership interests. The price freeze represented a loss of approximately €300 million in the last quarter of 2011.

On September 22, 2011, the French Energy Regulatory Commission (CRE), which is the competent and independent authority in this field, delivered an unfavorable opinion regarding the ministerial decree.

As a result, on October 13, 2011 GDF SUEZ SA appealed the decree before the *Conseil d'État* (France's highest administrative court) on the grounds of abuse of authority. The action seeks (i) the annulment of the decree on the ground of abuse of authority as it has not set price increases at the level calculated by the CRE which are necessary to cover GDF SUEZ SA's average full costs and (ii) a court order requiring the relevant ministers to issue a decree setting price increases retroactively as of October 1, 2011, in compliance with Article L. 445-3 of the French Energy Code (*Code de l'énergie*), within two months, subject to a penalty of €100,000 per day of delay

On November 28, 2011, the French national association of energy retail operators (*Association nationale des opérateurs détaillants en énergie* – ANODE) obtained the suspension of the decree of September 29, 2011 from the President of the *Conseil d'État.*

6. La Compagnie du Vent

On November 27, 2007, Castelnou Energia (a subsidiary of Electrabel) acquired a 56.84% stake in La Compagnie du Vent, with the original owner SOPER retaining a 43.16% stake. The founder of the company (and owner of SOPER), Jean-Michel Germa remained the Chairman and Chief Executive Officer of La Compagnie du Vent. In 2009, GDF SUEZ SA replaced Castelnou Energia and purchased La Compagnie du Vent.

On May 27, 2011, at the Shareholders' Meeting of La Compagnie du Vent, the Chairman and Chief Executive Officer, Jean-Michel Germa, was removed and replaced by a senior executive chosen by GDF SUEZ SA. Jean-Michel Germa contested this decision calling into question the validity of the Shareholders' Meeting. However, by order of the President of the Commercial Court (*Tribunal de Commerce*) of Montpellier on June 8, 2011, Jean-Michel Germa is prohibited under penalty from using the title of Chairman and Chief Executive Officer of La Compagnie du Vent and from entering the company's premises. Furthermore, on June 15, 2011, the President of the Commercial Court of Montpellier rejected SOPER's request, confirming the Order dated May 26, 2011 which allowed the Shareholders' Meeting to be held on May 27, 2011. SOPER and Jean-Michel Germa appealed both decisions. On October 13, 2011, the Court of Appeal of Montpellier overturned the Order of June 15, 2011, by holding that the decisions taken by the Shareholders' Meeting of La Compagnie du Vent on May 27, 2011 were invalid. Consequently, Jean-Michel Germa was reinstated as Chairman and Chief Executive Officer of La Compagnie du Vent. Another Shareholders' Meeting was held on November 3, 2011 during which Jean-Michel Germa was removed and replaced by a senior executive chosen by GDF SUEZ SA.

Upon the request of GDF SUEZ SA, on July 13, 2011 the President of the Commercial Court of Montpellier acknowledged the abuse of minority rights by SOPER at the Shareholders' Meeting on July 1, 2010 by refusing to vote on the cooperation agreement between La Compagnie du Vent and GDF SUEZ SA related to the Deux Côtes off-shore wind power project. He appointed a representative to represent SOPER at a subsequent Shareholders' Meeting on the same subject to vote in the company's name in accordance with the interests of La Compagnie du Vent, without impinging on SOPER's interests. This Shareholders' Meeting was held on July 22, 2011 and the resolution was adopted. SOPER has however appealed the Order of July 13, 2011. The Court of Appeal examined the case on July 27, 2011. On September 8, 2011 it upheld the lower court's decision and ordered SOPER to pay costs of €6,000. SOPER and Jean-Michel Germa appealed the decision before the French Court of Cassation.

On August 23, 2011, La Compagnie du Vent summoned SOPER to appear before the Commercial Court of Montpellier seeking an order against it to pay compensation for non-material damage suffered by La Compagnie du Vent, amounting to €500,000.

The removal of the Chairman and Chief Executive Officer has shown that there are significant strategic differences between the two shareholders in terms of wind power development, particularly in relation to the Deux Côtes project. These differences have led Jean-Michel Germa to threaten GDF SUEZ SA with a claim for compensation of approximately €489 million, which the Group considers to be unfounded.

NOTE 22 PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

OVERVIEW OF OBLIGATIONS

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
PENSIONS	**1,928**	**1,758**
• EGI sector plan	1,658	1,477
• Other plans	270	281
OTHER RETIREMENT AND POST-EMPLOYMENT BENEFITS	**373**	**311**
• Reduced energy and water prices	256	193
• End-of-career indemnities	54	57
• Immediate bereavement benefits	28	25
• Other *	35	36
OTHER EMPLOYEE BENEFIT OBLIGATIONS	**99**	**93**
• Disability benefits and other	92	86
• Long-service awards	7	7
	2,400	**2,162**

* *Indemnities for partial reimbursement of educational expenses, exceptional end-of-career vacation and the former SUEZ supplementary healthcare plan.*

Note 22 A Pensions

The main defined-benefit plans operated by GDF SUEZ SA comprise:

- pensions falling within the scope of the special plan for companies belonging to the Electricity and Gas Industries sector ("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 plans based on end-of-career salaries),
  - supplementary pension plans for senior managers operated by all water companies (annuity plans 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 plan 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.

Law 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 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

Pursuant to the Law 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 plans 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 plans 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

2008 reforms

The special pension plan for companies belonging to the electricity and gas industries sector was amended by Decree No. 2008-69 of January 22, 2008. The related modifications were effective from July 1, 2008 and mainly concerned:

- 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.

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 are recalculated as of January 1, 2009 on the basis of the retail price index (excluding tobacco).

The Law 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.

2010 reforms

Law No. 2010-1330 of November 9, 2010 amended statutory and public sector pension plans by raising the legal retirement from 60 to 62 years of age.

At December 31, 2010, pending the implementing decree for the special EGI pension plans, and given the principle of linking this plan to public sector pension plans stipulated in the Law of January 22, 2008, all of the impacts of the 2010 pension reforms have been taken into account by GDF SUEZ SA in measuring its employee benefit obligations, *i.e.*:

- because they are linked, the special EGI pension plan will fund the impacts of the reform to the statutory pension plan as from 2011. In particular, this concerns the increase in the legal retirement age. This phase will not affect employees in the EGI sector;
- as from 2017, the legal retirement age and the age at which the discount on pension benefits is canceled will gradually be raised to reach 62 and 67, respectively, in 2024.

Implementing Decree No. 2011-290 regarding the 2010 pension reform was enacted on March 18, 2011. The timetable for the extended 41.5-year pay-in period determining eligibility for a full pension was prescribed by Decree No. 2011-916 of August 1, 2011. The 2011 financial statements take into account the impact of these two new pieces of pension legislation compared to initial forecasts at end-2010, resulting in a €11 million reduction in the obligation.

3. 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 plan and statutory pension plans;
- for all active and retired employees in the EGI sector, and all employees and eligible beneficiaries for former SUEZ plans;
- includes contributions to CNIEG administrative expenses;
- actuarial gains and losses are recognized immediately.

The discount rate used at December 31, 2011 was 4.1% (4.8% at December 31, 2010).

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,
  - exceptional end-of-career vacation,
  - immediate bereavement benefits,
  - partial reimbursement of educational expenses.

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 4.1% at December 31, 2011 and 4.8% at December 31, 2010. The discount rate used to calculate other commitments was 3.9% at end-2011 and 4.35% at end-2010.

1. Allowances for occupational accidents and illnesses

Like other employees under the standard pension plan, 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 ageement 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 plan.

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.

Note 22 C Change in the present value of benefit obligations

	EGI sector plan		Other plans		Other post-employment benefits		Long-term benefits		Total	
In millions of euros	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Present value of benefit obligation at January 1	**1,477**	**1,401**	**281**	**250**	**311**	**296**	**93**	**83**	**2,162**	**2,030**
Service cost	40	35	2	2	6	5	9	6	57	48
Interest cost	71	68	11	11	14	14	4	4	100	97
Actuarial gains and losses on the obligation	134	35	(11)	31	68	20	2	9	193	95
Benefits paid under all plans (funded and unfunded) *	(64)	(62)	(13)	(13)	(26)	(24)	(9)	(9)	(112)	(108)
Other	-	-	-	-	-	-	-	-	-	-
Present value of benefit obligation at December 31	**1,658**	**1,477**	**270**	**281**	**373**	**311**	**99**	**93**	**2,400**	**2,162**

* *Benefits paid under all pension plans 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 €112 million in 2011 versus €152 million in 2010.*

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 exceptional end of career vacation). Provisions for pensions and other employee benefit obligations transferred by SUEZ SA at the time of the 2008 merger are also recognized by GDF SUEZ SA in liabilities. These provisions 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, 2011 and 2010, the provision booked by GDF SUEZ SA amounted to €133 million.

Changes in provisions for employee benefit obligations

	Pensions (1)		Other post-employment benefit obligations (2)		Long-term benefits (3)		Total	
In millions of euros	2011	2010	2011	2010	2011	2010	2011	2010
Provision at January 1	16	67	32	35	85	75	133	177
Pension cost (benefit) for the period	-	*(35)*	*3*	*2*	*13*	*17*	*16*	*(16)*
o/w Service cost	-	-	*1*	-	*9*	*6*	*11*	*6*
o/w Interest cost	-	-	*1*	*1*	*4*	*3*	*5*	*4*
o/w Actuarial gains and losses on the obligation	-	-	*1*	*1*	*0*	*8*	-	*9*
o/w Other	-	*(35)*	-	-	-	-	-	*(35)*
Benefits paid under all plans (funded and unfunded)	(3)	(16)	(4)	(5)	(9)	(7)	(16)	(28)
Provision at December 31	13	16	31	32	89	85	133	133

(1) Excluding EGI sector companies in 2011. In 2010, €35 million in pension obligations relating to EGI sector companies was included in this caption. This amount was written back in full during the period.

(2) Exceptional end-of-career vacation.

(3) Allowances for occupational accidents and illness, temporary incapacity and disability benefits, 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 2011.

The value of these contracts stood at €1,693 million at December 31, 2011 (€1,769 million at December 31, 2010).

Note 22 F Change in the fair value of plan assets

In millions of euros	Pensions		Other post-employment benefits	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Fair value of plan assets at January 1	1,735	1,738	34	34
Expected return on plan assets	68	69	1	2
Premiums net of handling fees *	4	2	-	-
Actuarial gains and losses on plan assets	(75)	2	(3)	1
Benefits paid out of plan assets *	(69)	(76)	(2)	(3)
Fair value of plan assets at December 31	1,663	1,735	30	34

* *Only insurance premiums and benefits reimbursed out of plan assets were recognized in income. The net balance reflects net income of €67 million in 2011 and €77 million in 2010.*

Return on plan assets

	Pensions				Other post-employment benefits	
	2011		2010		2011	2010
	EGI sector plan	Other plans	EGI sector plan	Other plans		
Actual return on plan assets	-0.7%	3.58%	4.6%	4.29%	-1.5%	6.5%

The expected return on plan assets for 2011 is 3.90% in respect of pensions and 4.77% in respect of other obligations.

The allocation of plan assets by principal asset category can be analyzed as follows:

	Dec. 31, 2011		Dec. 31, 2010	
	EGI sector plan	Other plans	EGI sector plan	Other plans
Equities	30%	11%	33%	12%
Bonds	47%	80%	44%	79%
Other (including money market securities)	23%	9%	23%	9%
TOTAL	**100%**	**100%**	**100%**	**100%**

Collective life insurance policies contracted with insurers to cover employee-related liabilities under the EGI sector plan are unit-linked. These contracts are available to GDF SUEZ SA and to Group subsidiaries 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, mainly 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, 2011, 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 22 G Supplementary defined-contribution plan

Employees eligible for the EGI plan also benefit from an additional defined-contribution plan set up in 2009. Employer contributions paid in respect of this plan totaled €7 million in 2011 and 2010.

NOTE 23 HEADCOUNT

At December 31, 2011, the breakdown for each category of employees was as follows:

	Dec. 31, 2010	Change	Dec. 31, 2011
Operating staff	646	(134)	512
Senior technicians and supervisory staff	2,886	(235)	2,651
Managerial staff	3,861	(123)	3,738
	7,393	**(492)**	**6,901**

The average number of employees was 6,952 in 2011 and 7,511 in 2010.

NOTE 24 STATUTORY TRAINING ENTITLEMENT

Under Law 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, 2011 in respect of this obligation. At that date, GDF SUEZ SA employees had accrued a total of 738,003 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 plan into savings plans operated by GDF SUEZ SA, rather than accessing the amounts immediately.

In this case, amounts received are invested in:

- the Group savings plan (*Plan d'Épargne Groupe* – PEG) or the Company savings plan (*Plan d'Épargne Entreprise* – PEE). The employer matches 100% of the amount that the employee has paid in up to a maximum annual net amount of €700;
- or in the collective retirement savings plan (*Plan d'Epargne Retraite Collectif* – PERCO). The employer matches 150% of the amount that the employee has paid in up to a maximum annual net amount of €700.

Employees may combine both of these possibilities.

These profit-mechanisms are treated as personnel expenses.

NOTE 26 INFORMATION CONCERNING RELATED AND ASSOCIATED COMPANIES

In millions of euros	Related companies	Associated companies
Equity investments	61,513	35
Amounts receivable from equity investments	1,315	235
Deposits and guarantees	34	-
Trade and other receivables	1,896	3
Current accounts with subsidiaries showing a credit balance	2,655	-
Other receivables	116	-
Current accounts with subsidiaries showing a debit balance	7,221	3
Trade and other payables	1,496	42
Payables on fixed assets	1,150	-
Other liabilities	336	-
Revenues	7,633	24
Energy purchases and change in gas reserves	4,243	398
Other external charges	4,622	7
Other operating expenses	258	-
Other operating income	689	1
Other financial expenses	879	-
Other financial income	4,348	28

All material transactions between GDF SUEZ SA and related parties were carried out on an arm's length basis. Accordingly, no disclosures are required pursuant to the Amending Decree of Article R.123-198-11 of March 9, 2009.

Relations with the French State

Further to the merger between Gaz de France and SUEZ on July 22, 2008, the French State owns 36.0% of GDF SUEZ and appoints six representatives to the Group's 22-member 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. This 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 price 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 price regulation in France, a decree was published in connection with the contract redefining the overall regulatory framework for setting and changing natural gas prices in France. The mechanism as a whole provides clearer direction on the conditions for changing regulated prices, notably through price change forecasts based on costs incurred. It also establishes rules and responsibilities for the various players over the period 2010-2013.

Relations with the CNIEG (*Caisse Nationale des Industries Electriques et Gazières*)

The Group's relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 22, "Post-employment benefits and other long-term benefits".

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, 2011
A – Detailed information concerning subsidiaries and investments whose gross value exceeds 1% of GDF SUEZ SA capital (i.e., €22,502,957)			
1. SUBSIDIARIES (MORE THAN 50%-OWNED BY GDF SUEZ SA)			
Aguas Provinciales de Santa Fe [1]	11	(101)	64.19
Celizan	15	(15)	100
Cogac	1,433	(135)	100
Dumez	48	24	100
Electrabel	5,072	13,281	99.13
Elengy	108	483	100
GDF International	3,972	823	100
GDF SUEZ Communication	31	3	100
Genfina	1,750	(444)	100
GDF SUEZ Finance	5,460	239	99.96
GIE GDF SUEZ Alliance	100	(44)	64.00
GrDF	1,800	5,249	100
GRTgaz	537	2,730	75
SI Finance	27	2	100
GDF SUEZ Energy Services	699	1,155	100
Société Foncière et Immobilière du Gaz (SFIG)	55	36	97.01
Sopranor	1	5	99.92
Storengy	1,044	1,260	100
2. EQUITY INVESTMENTS (BETWEEN 10%- AND 50%-OWNED BY GDF SUEZ SA)			
Aguas Argentinas	28	(300)	48.20
SUEZ Environnement Company	2,041	4,731	37.18
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			
Other [1]			
2. EQUITY INVESTMENTS NOT INCLUDED IN SECTION A			
French companies			
Other [1]			

(1) Amounts in local currency (millions of units).
(2) Provisional, unaudited amounts.
Transactions with related companies mainly involve loans, advances and changes in current accounts with subsidiaries.

NOTA : Certain sensitive data are not provided in the table of subsidiaries and investments.

Book value of shares held at Dec. 31, 2011		Loans and advances granted by GDF SUEZ SA	Sureties and endorsements given by GDF SUEZ SA	Revenuesfor 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]
Gross	Provision						
39	(39)	-	-				12/2009
31	(30)	-	-		1	-	12/2011
1,434	-	-	-		(36)	-	12/2011
65	-	-	-	-	-	-	12/2011
30,631	-	-	-	14,877	762	-	12/2011
513	-	139	10	219	100	88	12/2011
3,972	-	342	-	-	593	656	12/2011
900	(865)	-	-	-	-	2	12/2011
2,627	(1,264)	-	-	-	80	-	12/2011
5,567	-	7,665	-	605	202	-	12/2011
62	-	-	-	-	(44)	-	12/2011
8,400	-	-	-	2,937	131	1,579	12/2011
1,850	-	-	5	1,564	110	1,121	12/2011
83	(50)	-	-	-	-	-	12/2011
2,931	-	-	-	2,175	119	172	12/2011
57	-	-	-	75	7	48	12/2011
245	(238)	-	-	-	-	-	12/2011
1,904	-	-	-	890	253	267	12/2011
145	(145)				(68)		12/2010
2,293	-		4		203	113	12/2011
42	(10)		9				
23	(3)						
24	-					21	
-	-					6	

NOTE 28 COMPENSATION DUE TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

Total compensation (gross salary, bonuses, profit-sharing incentives and benefits in kind, including related employer contributions) paid to the Chairman and Chief Executive Officer, the Vice-Chairman and President, and members of the Executive Committee came to €27 million for 2011.

Members of the Board of Directors elected by the Shareholders' Meeting received €1.2 million in attendance fees for 2011.

NOTE 29 SUBSEQUENT EVENTS

No significant events occurred between December 31, 2011 and the date the financial statements were authorized for issue.

6.4.3 TOTAL AND PARTIAL TRANSFERS OF ASSETS, SUBSIDIARIES, AND EQUITY INVESTMENTS REQUIRING STATUTORY DISCLOSURE

Total and partial transfers of assets

In euros	% at Dec. 31, 2010	% at Dec. 31, 2011	Reclassification within the Group	Sale outside the Group	Net book value of shares held	Business sector
SUBSIDIARIES [(1)]						
Ondeo [(a)]	100.00	0	X		0.00	Services
GRTgaz	100.00	75.00		X	1,849,999,635.99	Energy
GDF SUEZ Energy Deutschland	50.00	0	X		0.00	Energy
REN'CHALL	100.00	0		X	0.00	Services
EQUITY INVESTMENTS [(2)]						
B.O.G	34.00	0	X		0.00	Energy

(1) More than 50%-owned by GDF SUEZ SA.
(2) Between 10%- and 50%-owned by GDF SUEZ SA.
(a) All of Ondeo's assets were transferred to GDF SUEZ SA within the scope of a full asset transfer.

Total and partial purchases of assets

In euros	% at Dec. 31, 2010	% at Dec. 31, 2011	Reclassification within the Group	Acquisition outside the Group	Net book value of shares held	Business sector
SUBSIDIARIES [(1)]						
Clerival [(b)]	0	100.00	X		830,077.14	Services
EQUITY INVESTMENTS [(2)]						

(1) More than 50%-owned by GDF SUEZ SA.
(2) Between 10%- and 50%-owned by GDF SUEZ SA.
(b) Asset contributed by Ondeo following the full asset transfer to GDF SUEZ SA.

6.4.4 FIVE-YEAR FINANCIAL SUMMARY

	2011	2010	2009	2008	2007
CAPITAL AT YEAR-END					
Share capital *(in euros)*	2,252,636,208	2,250,295,757	2,260,976,267	2,193,643,820	983,871,988
Number of ordinary shares issued and outstanding	2,252,636,208	2,250,295,757	2,260,976,267	2,193,643,820	983,871,988
Maximum number of shares to be issued:					
• by converting bonds	-	-	-	-	-
• by exercising stock options	22,584,740	30,841,031	36,619,478	39,167,750	-
RESULTS OF OPERATIONS FOR THE YEAR *(in millions of euros)*					
Revenues, excluding VAT	24,126	25,373	24,894	25,209	20,991
Income before tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	1,460	1,592	1,184	3,254	15,429
Income tax (negative figures = benefit)	(295)	(356)	(200)	(617)	2,813
Employee profit-sharing and incentive payments for the year	0	0	0	0	-
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	2,389	857	2,261	2,767	11,611
Total dividends paid (including on treasury shares in 2011)	3,347	3,336	3,257	4,729	1,240
EARNINGS PER SHARE *(in euros)*					
Income after tax and employee profit-sharing but before depreciation, amortization, provisions and transfer of concession termination amortization	0.78	0.87	0.61	1.76	12.82
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	1.06	0.38	1.00	1.26	11.80
Dividend per share	1.50	1.50	1.47	2.20	1.26
HEADCOUNT					
Average number of employees during the year	6,952	7,511	7,456	7,622	20,970
Total payroll	445	471	498	485	914
Total employee benefit obligations paid (social security taxes and contributions to pension plans, welfare plans, etc.)	324	234	309	335	470

6.5 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY 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 GDF SUEZ management report and in the documents addressed to the 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 shareholder's general meetings, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying 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 includes performing procedures, using sampling techniques or other method of selection, to obtain audit evidence about the amounts and disclosures in the 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 opinion.

In our opinion, the 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, 2011 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 have been prepared in a context of high volatility of the markets and of financial crisis in the euro zone whose consequences make it difficult to forecast economic mid-term perspectives. It is in this context, described in note A to the financial statements, 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 to the financial statements, the book value of equity investments which your Company intends to hold on a long-term basis is written down to its value in use if the latter is lower. As part as our assessment of significant estimates used to prepare the financial statements, we reviewed the data and the assumptions used to determine the value in use and verified that note A to the financial statements provides appropriate disclosure.
- Regarding electricity and gas sales to customers segments whose energy consumption is metered during the accounting period, the Company estimates revenue on the bases of estimations of consumption in line with the volume of energy allocated by the grid managers on the same period and estimations of average selling prices. Our work consisted in assessing the methods and assumptions used to calculate these estimates and verifying that note A to the financial statements provides appropriate disclosure.
- Notes A and C-22 to the financial statements 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, being reminded that these commitments are only partially provisioned, in accordance with the option offered by French accounting principles.
- Notes A, C-21.A and C-21.B to the financial statements relating to financial instruments and related commitments describe the accounting methods and the commitments related to financial derivative instruments used by the Company as at 31 December 2011. As stated in note A to the financial statements, GDF SUEZ accounts provisions to cover the risks related to transactions on financial instruments in the case where these instruments are not compliant with hedging criteria. For the valuation of financial derivative instruments that are not listed on active 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 to value financial derivative instruments, and the compliance with the hedging criteria and provisions possibly accounted. We also verified that note A, C-21.A and C-21.B to the financial statements provide appropriate disclosure.

- Note B to the financial statements presents the impact of the correction of the error in the computation of the "gas in the meter" receivable and its accounting treatment. We have examined the elements relating to this restatement and its conformity with the CNC's opinion (the French National Accounting Board) N°97-06, and have also verified the appropriateness of the information given on this matter in the notes to the financial statements.

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 the 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 et Paris-La Défense, March 6, 2012

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres	MAZARS
Véronique Laurent	Pascal Macioce	Isabelle Sapet
Pascal Pincemin	Charles-Emmanuel Chosson	Thierry Blanchetier

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Additional information

7.1 SPECIFIC STATUTORY PROVISIONS 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.

7.1.1 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, transmit, 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 assignments 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 likely 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 estate 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 relating to the supply of drinking water to towns or water to industry, to the evacuation and purification of waste water, to drainage and wastewater treatment 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 estate 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.

7.1.2 CORPORATE GOVERNANCE BODIES

Regarding the composition and operations of corporate governance bodies, see section 4 "Corporate Governance".

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

Directors are appointed by the Shareholders' Meeting, subject to special rules applicable to Directors representing the French State, the three Directors representing employees and the Director representing employee shareholders.

Directors representing the French State 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.

The Company is managed by a Board of Directors comprising 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 corporate 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 must warn the Board of any information of which they become aware that seems to them likely to affect the Company's interests.

It is their duty to express their questions and opinions clearly 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 activities 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 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 perform their duties properly.

Measures are taken to ensure the independence of employee Directors, including with respect to their professional 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 agree to have their own actions on the Board evaluated as well.

Pursuant to the Internal Regulations, a process of evaluating the Board of Directors' operating procedures was launched in 2011 under the supervision of the Ethics, Environment and Sustainable Development Committee Chairman, in collaboration with an outside expert. The evaluation was submitted to the Board of Directors' meeting of February 29, 2012. The Board of Directors noted that, for the most part, the suggestions made as a result of the preceding evaluations have been implemented. For instance, the Board held a an annual strategic seminar which enabled Directors to focus on strategic issues and subjects relating thereto (notably research & development) as well as large strategic operations such as the combination with International Power and the partnership with the Chinese fund CIC. Further improvements were made in Board meetings' dynamics and workflow even though there is still room for progress in these areas, essentially consisting in optimizing time management and duration of Board meetings, and improving documents transmission. The Board has approved the suggestions made by the Ethics, Environment and Sustainable Development Committee.

They endeavour, along with the other members of the Board of Directors, to ensure that their supervisory duties are accomplished with efficiency and without any obstacles. In particular, they shall ensure that procedures are put in place in the Company to verify compliance with laws and regulations, both in 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 in the Company, unless an exemption has been granted under the applicable law or regulations. This obligation does not apply to representatives of the French State or Directors representing employee shareholders.

Term of office of Directors

The term of office of members of the Board of Directors is four years. The term of office of Directors appointed by the General Shareholders' Meeting expires 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. The term of office of Directors elected by the employees shall come to an end upon declaration of the results of the elections for the renewal or replacement of exiting employee Directors in accordance with the bylaws.

For details on the Directors' term of office, see section 4.1.1.

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 positions have 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 the employees and employee shareholders have the same status, powers and responsibilities as the other Directors.

The term of office of Directors appointed by employees expires either upon the announcement of the 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 co-option 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 Director representing employee shareholders for any reason, the candidates to replace such a 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 an appointment.

Non-voting members of the Board

The Ordinary Shareholders' Meeting may appoint one or more non-voting members (censeurs) to the Company, up to a maximum of four, who may be natural persons or legal entities, chosen from among or outside the shareholders, 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.

General Management

Chairman and Chief Executive Officer

Subject to the powers expressly granted by law to Shareholders' Meetings, powers that it grants specifically to the Board of Directors and within the scope of the Company's corporate purpose, as well as those mentioned in 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 4.3 of this Registration Document and in section 4.1 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 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 corporate purpose 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.

President

The Board of Directors may appoint, as provided by law, only one person responsible for assisting the Chief Executive Officer, with the title of President. This President is to be chosen from among the Directors. The President is also appointed Vice-Chairman of the Board of Directors, pursuant to Article 17.2 of the bylaws.

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 convening the 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 Directors may request that the Chairman call a meeting on a specific agenda. The Board of Directors meets at the venue stated in the notice convening the meeting.

The Chairman may take the initiative of organizing 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 Rules of Procedure.

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 Rules of Procedure, 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 adopted 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, its Vice-Chairman, President, 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 of the Company 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 the 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 general amount of directors' fees allocated to the Board of Directors which, on recommendation of the Compensation Committee, allocates the said compensation between its members and the non-voting members 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.

7.1.3 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' Meetings 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 the event 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 event 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 a 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 vote by proxy in accordance with the terms and conditions provided for by law and regulations. The shareholders may, in accordance with the terms and conditions provided for by law and regulations, return their 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 relating to the French State's golden share, see section 5.2.4 of this Registration 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 State and is aimed at protecting France's critical interests in the energy sector and ensuring the continuity and safeguarding of supplies (see section 5.2.4 of this Registration Document).

Under the terms of Act No. 2006-1537 of December 7, 2006, the French State must at all times hold more than one-third of the Company's share capital.

7.1.4 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 relating to the French State's golden share under Article 6 of the bylaws (see also section 5.2.4 "Golden share").

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.

7.1.5 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 convening the meeting also draws up the meeting agenda. 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' Meetings are designated as 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 the duties thereof and who hold the greatest number of votes 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 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 the 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 convening the 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[1].

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.

7.1.6 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 hold a share of the capital or voting rights or securities, directly or indirectly, 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 with acknowledgement of receipt, within five (5) trading days of crossing the said 0.5% threshold, by specifying his/her/its identity, as well as that of the natural persons or legal entities acting in concert therewith, and by specifying the total number of shares, voting rights or share equivalents providing future access to capital that he/she/it owns directly or indirectly or else in concert. This duty of disclosure relates also to the possession of each additional share of 0.5% of the capital or voting rights or share equivalents providing access in time to the capital 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 any 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 in accordance with the law and regulations and subject to the penalties provided for under the French Commercial Code, ask 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.

(1) *In accordance with the law, any shareholder may also be represented by any other person of his/her choosing.*

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 the 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 rights and the right to the payment of dividends attached to the shares.

7.1.7 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 State's stake and its golden share pursuant to Article 6 of the bylaws (see also section 7.1.3 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.

7.2 LEGAL AND ARBITRATION PROCEEDINGS - COMPETITION AND INDUSTRY CONCENTRATION (UPDATE)

In connection with its business, the Group is engaged in a number of legal and arbitration proceedings, and is subject to investigations and proceedings relating to competition, of which the main proceedings as of the 2011 closing date for the consolidated financial statements are set out in Note 26 of section 6.2 "Consolidated Financial Statements".

Below is an update of the information contained in aforesaid Note 26 at the date of the Registration Document.

7.2.1 SLOVAK GAS HOLDING

The description of the proceedings appearing in note 26.1.2 to section 2 "Consolidated Financial Statements" is completed as follows:

"Negotiations have not so far allowed to draw GDF SUEZ and E.ON Ruhrgas AG positions closer to Slovak Republic's one about other litigious issues. SHG and its two shareholders GDF SUEZ and E.ON Ruhrgas AG consequently instituted arbitration proceedings before the ICSID for breach of Slovak Republic's obligations pursuant to the Energy Charter Treaty on March, 9, 2012."

7.2.2 AES ENERGIA CARTAGENA

The description of the proceedings appearing in note 26.1.4 to section 2 "Consolidated Financial Statements" is completed as follows:

"Dispute Settlement agreement has been closed on February, 9, 2012."

7.2.3 MELBOURNE – AQUASURE

The description of the proceedings appearing in note 26.1.9 to section 2 "Consolidated Financial Statements" is completed as follows:

"Aquasure filed two claims against the State of Victoria on February 23 and 27, 2012 reflecting that claims that the JV had served against it."

7.2.4 FOS CAVAOU – OPERATION

The description of the proceedings appearing in note 26.1.11 to section 2 "Consolidated Financial Statements" is completed as follows:

"The Prefect order authorizing the operation of the Fos Cavaou LNG terminal was signed on 14 February 2012".

7.2.5 COMPAGNIE DU VENT

The description of the proceedings appearing in note 26.1.13 to section 2 "Consolidated Financial Statements" is completed as follows:

"Jean-Michel Germa, considering that the decision to revoke him from his position as CEO was taken (i) in breach of the shareholders agreement of La Compagnie du Vent dated November 27, 2007, and (ii) unfairly, brought an action before the Paris Commercial Court, seeking an order against GDF SUEZ to pay compensation for its material and non material damage. GDF SUEZ received the summons on February 15, 2012."

7.2.6 CLAIMS BY THE BELGIAN TAX AUTHORITIES

The description of the proceedings appearing in note 26.1.15 to section 2 "Consolidated Financial Statements" is completed as follows:

"The tax assessed in Belgium amounts to €285 million for the period 2003 to 2009."

7.3 DOCUMENTS ACCESSIBLE 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 Registration Document and those relating to each of the two years prior to the filing of this Registration Document) may be consulted during the entire validity period at the registered office of GDF SUEZ (1 place Samuel de Champlain, Faubourg de l'Arche, 92400 Courbevoie, France). 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).

7.3.1 CORPORATE INFORMATION POLICY

Valérie Bernis

Member of the Management Committee, in charge of the Communications and Marketing Division.

Telephone: +33 (0)1 44 22 00 00

Address: 1 Place Samuel de Champlain – Faubourg de l'Arche – 92400 Courbevoie

Website: gdfsuez.com

The GDF SUEZ Registration Document has been translated into English, Spanish and Dutch.

In addition to this Registration Document filed with the AMF, GDF SUEZ publishes a management report and a Sustainable Development Report at the time of the Annual Shareholders' Meeting of GDF SUEZ.

7.3.2 FINANCIAL REPORTING SCHEDULE

Presentation of annual earnings for 2011	February 9, 2012
Annual Shareholders' Meeting	April 23, 2012
Presentation of the 2012 half-year results	August 2, 2012

7.4 PARTIES RESPONSIBLE FOR THE REGISTRATION DOCUMENT

7.4.1 PARTIES RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Gérard Mestrallet, Chairman and Chief Executive Officer

Jean-François Cirelli, Vice-Chairman and President

7.4.2 DECLARATION BY THE PARTIES RESPONSIBLE FOR THE REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

"We hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Registration Document is, to our knowledge, in accordance with the facts and makes no omission likely to affect its import.

We hereby certify that, to the best of our knowledge, 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 in Appendix B of this Registration Document, 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 Registration Document relating to the financial position and financial statements contained in this Registration Document, which they have read in its entirety. This letter contains no comments.

The consolidated financial statements for the year ended December 31, 2011, presented in Section 6.2 of this Registration Document, were the subject of a report by the Statutory Auditors, presented in Section 6.3, which contains no comments.

The Statutory Auditors' report on the parent company financial statements for the year ended December 31, 2011 presented in Section 6.4 of this Registration Document is set out in Section 6.5 and contains no comments.

The Statutory Auditors' report on the IFRS consolidated financial statements for the year ended December 31, 2010, which contains a comment relating to changes in accounting methods, is presented in Section 11.3 of the 2010 GDF SUEZ Registration Document, which was filed with the AMF on March 28, 2011 under number D. 11-0186.

The Statutory Auditors' report on the IFRS consolidated financial statements for the year ended December 31, 2009, which contains a comment pertaining to changes in accounting methods, is presented in Section 11.3 of the 2009 GDF SUEZ Registration Document, which was filed with the AMF on April 6, 2010 under number D. 10-218."

Courbevoie, March 23, 2012

Vice-Chairman and President	Chairman and Chief Executive Officer
Jean-François Cirelli	**Gérard Mestrallet**

7.5 STATUTORY AUDITORS

7.5.1 STATUTORY AUDITORS

Mazars

Represented by Thierry Blanchetier and Isabelle Sapet

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 et Autres

Represented by Charles-Emmanuel Chosson and Pascal Macioce

1/2, place des Saisons, 92400 Courbevoie - Paris-La Défense 1

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 Véronique Laurent and Pascal Pincemin

185 Avenue Charles-de-Gaulle, 92524 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.

7.5.2 ALTERNATE STATUTORY AUDITORS

CBA

Tour Exaltis, 61, Rue Henri Regnault, 92400 Paris la Defense Cedex

CBA was appointed 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

1/2, place des Saisons, 92400 Courbevoie - Paris-La Défense 1

Auditex 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.

BEAS

7-9 Villa Houssay, 92524 Neuilly-sur-Seine

BEAS 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.

A

Appendix A - Lexicon

UNITS OF ENERGY MEASUREMENT

CONVERSION TABLE

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)
Gm^3	Giga m^3 (1 billion cubic meters)
GW	Gigawatt (1 billion watts)
GWh	Gigawatt-hour (1 million kilowatt-hours)
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)
m	Meter
m^2	Square meter
m^3	Cubic meter
M	Mega (one million)
Mboe	Million barrels of oil equivalent
Mtpa	Million metric tons per annum
MVA	Megavolt-ampere (one million volt-amperes)
MW	Megawatt (one million watts)
MWp	Megawatt-peak (unit of measurement for the power of solar photovoltaic installations)
MWe	Megawatt electric
MWh	Megawatt-hour (one thousand kilowatt-hours)
MWth	Megawatt thermal
t/h	Metric tons per hour
T	Tera (one thousand billion)
TWh	Terawatt-hour (1 billion kilowatt-hours)
V	Volt
W	Watt
Wh	Watt-hour

SHORT FORMS AND ACRONYMS

ACP	*Autorité de Contrôle Prudentiel des établissements bancaires* (French Prudential Control Authority for banking institutions)
AMF	*Autorité des Marchés Financiers* (French Financial Markets Authority)
B to B	Business to Business
BU	Business Unit
Capex	Capital expenditure
CER	Certified Emission Reduction
CNIL	*Commission Nationale de l'Informatique et des Libertés* (French National Data Protection and Privacy Commission)
CO_2	Carbon dioxide
CRE	*Commission de Régulation de l'Énergie* (French energy regulator) – see Glossary
CSR	Corporate Social Responsibility
E&P	Exploration-production of hydrocarbons
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EGI	Electric and Gas Industries – see Glossary
EMAS	Eco Management and Audit Scheme – see Glossary
EMTN	Euro Medium Term Notes
ERM	Enterprise Risk Management
EU	European Union
EUA	European Union Allowance
EWC	European Works Council
FC	Full Consolidation
GHG	Greenhouse Gas – see Glossary
GIE	GIE - *Groupement d'intérêt économique* - Economic Interest Group (EIG)
HR	Human Resources
IAS	International Accounting Standards, drawn up internationally by the IASB until 2002
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards, drawn up internationally by the IASB since 2002
INCOME	Internal Control Management Efficiency (GDF SUEZ program)
IPP	Independent Power Producer – see Glossary

ISO	International Organization for Standardization – see Glossary
LNG	Liquefied Natural Gas – see Glossary
LPG	Liquefied Petroleum Gas – see Glossary
NBP	National Balancing Point – see Glossary
NGO	Non-Governmental Organization
NGV	Natural Gas Vehicle – see Glossary
NOx	Nitrogen oxide
NRE	New and renewable energy sources: including wind, solar and hydraulic
OECD	Organization for Economic Cooperation and Development
Opex	Operating expenses
PC	Proportional Consolidation
PEG	Plan d'Epargne Groupe, Group Employee Savings Plan
PPA	Power Purchase Agreement (often long-term)
PSI	*Prestataire de Services d'Investissement* (Investment Services Provider) – see Glossary
R&D	Research and Development
RAB	Regulated Asset Base – see Glossary
ROCE	Return On Capital Employed
ROE	Return on Equity
SME	Small and Medium-size Enterprises
SO_2	Sulfur dioxide
SRV	Shuttle Regasification Vessel (LNG carrier fitted 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).
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 seven years to maturity issued on the French market in a given month.
TPA-d	Third Party Access to the distribution network – see Glossary
TSR	Total Shareholder Return – see Glossary
UCITS	Undertakings for Collective Investment in Transferable Securities (mutual funds)
VaR	Value at Risk – see Glossary
VPP	Virtual Power Plant

GLOSSARY

Balancing area	The set of entry points, delivery points and a trading point of gas within which the consignor must achieve a balance.
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.
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 CO2 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.
Cogeneration plant	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.
***Commission de Régulation de l'Énergie* (French energy regulator) (CRE)**	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.
***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 government representatives, representatives of labor organizations, employers and the middle classes, environmental associations and producers, distributors and consumers, supervises this body's operations. The Commission assumes the duties of the Electricity and Gas Supervision Committee (*Comité de Contrôle de l'Électricité et du Gaz*) with respect to the regulated part of the market.
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	All the 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.
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).
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.
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.

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 risks 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, transmit 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.
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 an environmental statement certified by European auditors accredited and published by the European Commission.
Exploration	All methods put to use to discover new hydrocarbon deposits.
Facilities 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.
Gas Exchange Point	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 several sources. It enables operators to exchange gas physically between these sources and end users).
Gas pipeline	A pipeline that conveys fuel gas.
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.
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.
Investment Services Provider	*Prestataire de services d'investissement* (PSI) – Investment services provider approved by the Committee of European Bank Supervisors to transmit and process market orders (modern equivalent of stockbrokers).
ISO (International Standards Organization)	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.
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. Variations (daily, weekly or seasonal) in consumption are generally covered 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).
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.).
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 International Petroleum Exchange spot market for natural gas.
Natural Gas for Vehicles (NGV)	Entirely composed of natural gas, NGV is primarily used in urban transportation and waste treatment vehicles.
Natural gas liquefaction	Transformation of natural gas from gaseous form to liquid form to be transported by ship and/or stored.
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.
Public-Private Partnership (PPP)	The PPP is a contractual arrangement whereby the public sector authority assigns certain tasks to a private operator and specifies objectives. The public sector partner defines the service objectives for the private operator, while retaining ownership of the infrastructure and regulatory control. Local authorities are increasingly resorting to PPP agreements in managing their water services.
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 Asset Base (RAB)	The regulated asset base is the economic value, recognized by the regulator, of assets utilized by an operator of regulated infrastructures.
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.
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).
Spot market	A market for the short-term purchase and sale of energy (for the day or up to three years).

Storage	Facility that allows natural gas to be stored in the summer when consumption is at its lowest and to take natural gas 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	A waste storage center, subject to 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.
Stress test	Test performed in order to assess resistance to a disaster scenario.
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.
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
Third-party network access	The recognized right of each user (eligible customer, distributor, producer) to access a transmission or distribution network in exchange for payment of access rights.
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.
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.
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.
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 risks 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 a day, i.e., two to three times 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.

B

Appendix B - Comparison tables

COMPARISON TABLE BETWEEN REGULATION (EC) 809/2004 AND THE REGISTRATION DOCUMENT

This Registration Document includes all the items required by Appendix 1 of Regulation (EC) 809/2004, as presented in the table below:

Information required under Appendix 1 of regulation (EC) 809 /2004	Corresponding sections of the Registration Document
1. PARTIES RESPONSIBLE	7.4. Parties responsible for the Registration Document
1.1. Parties responsible	7.4.1. Parties responsible for the Registration Document
1.2. Declaration by the persons responsible	7.4.2. Declaration by the parties responsible for the Registration Document containing the Annual Financial Report
2. STATUTORY AUDITORS	7.5. Statutory Auditors
2.1. Statutory Auditors	
2.2. Resignation or departure of Statutory Auditors	
3. SELECTED FINANCIAL INFORMATION	1.2.1. Financial indicators
4. RISK FACTORS	2. Risk factors
5. INFORMATION ABOUT THE ISSUER	
5.1. History and evolution of the Company	1.1.2. History and evolution of the Company
5.2. Investments	
5.2.1. Principal investments	6.1.1.4.3. Net investments
5.2.2. Major investments in progress	1.1.4. Strategic priorities
5.2.3. Major investments planned by the issuer	1.1.4. Strategic priorities
6. BUSINESS OVERVIEW	
6.1. Principal activities	1.1.1. General presentation 1.1.3. Organization 1.2. Key figures 1.1.4. Strategic priorities 1.3. Description of business lines in 2011
6.2. Principal markets	1.1.6. Competitive positions 1.1.4. Strategic priorities 1.3. Description of business lines in 2011
6.3. Exceptional events	N/A
6.4. Degree of dependence on patents, licenses or contracts	1.5. Innovation, research and development policy 2.3.1.3. Dependence on a limited number of suppliers 2.3.2. Sales on regulated markets
6.5. Competitive position	1.1.6. Competitive positions
7. ORGANIZATIONAL STRUCTURE	
7.1. Brief description of the Group	1.1.3. Organization
7.2. List of significant subsidiaries	6.2. Consolidated Financial Statements – Note 28 (List of the main consolidated companies as at December 31, 2011)
8. REAL ESTATE, PLANT AND EQUIPMENT	
8.1. Material tangible fixed assets	1.4. Real estate, plant and equipment
8.2. Environmental issues potentially affecting the use of the tangible fixed assets	3.4. Environmental information
9. OPERATING AND FINANCIAL REVIEW	6.1.1. Management report
10. CAPITAL RESOURCES	6.1.2. Cash and shareholders' equity
10.1. Shareholders' equity	6.1.2.1. Issuer's equity
10.2. Cash flows	6.1.1.4. Changes in net debt

Information required under Appendix 1 of regulation (EC) 809 /2004	Corresponding sections of the Registration Document
10.3. Borrowing requirements and funding structure	6.1.2.2. Financial structure and borrowing conditions applicable to the Issuer 5.1.6. Non-equity 6.2. Consolidated Financial Statements – Note 14 (Financial instruments)
10.4. Restrictions regarding the use of capital	6.1.2.3. Restrictions regarding the use of capital
10.5. Expected sources on financing to honor commitments relative to investment decisions	6.1.2.4. Expected sources on financing to honor commitments relative to investment decisions
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	1.5. Innovation, research and development policy
12. INFORMATION ABOUT TRENDS	
12.1. Significant recent trends in production, sales and inventory, and costs and selling prices	1.1.4. Strategic priorities 6.1.1.1. 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	6.1.1.7. Outlook
13. EARNINGS FORECASTS OR ESTIMATES	N/A
14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND GENERAL MANAGEMENT	
14.1. Information concerning the members of corporate governance bodies and general management	4.1.1. Board of Directors: Composition – Terms of office – Information – Independence 4.3.1. Management Committee 4.3.2. Executive Committee
14.2. Conflicts of interest in administrative, management, and supervisory bodies and general management	4.1.1.5. Independence of Directors in office – Conflicts of interest
15. COMPENSATION AND BENEFITS	
15.1. Amount of compensation paid and benefits in kind	4.5. Compensation and benefits paid to members of corporate governance and management bodies
15.2. Total amounts set aside or accrued to provide pension, retirement or similar benefits	4.5.3. Retirement provision
16. BOARD PRACTICES	
16.1. Term of office of Directors	4.1.1.2. Directors at December 31, 2011
16.2. Service contracts with the Directors providing for benefits upon their termination	4.4.3. Service contracts binding members of corporate governance bodies
16.3. Audit Committee and Compensation Committee	4.1.5. Standing Committees of the Board of Directors
16.4. Compliance with applicable corporate governance regime(s)	4.1.4.2. Organization and operating procedures of the Board of Directors – Code of governance and ethics principles
17. EMPLOYEES	
17.1. Number of employees and breakdown by category	3.3.8. Social data
17.2. Shareholding and stock options	4.1.1.4. Number of GDF SUEZ shares and stock options held by Directors in office at December 31, 2011 4.5. Compensation and benefits paid to members of corporate governance and management bodies
17.3. Arrangements for involving employees in the capital of the issuer	3.3.5. Employee profit sharing – Employee Shareholding
18. MAJOR SHAREHOLDERS	
18.1. Statutory disclosure thresholds	5.2.3. Statutory disclosure thresholds
18.2. Voting rights	5.1.1. Share capital and voting rights
18.3. Control	5.5.2. Breakdown of share capital – Changes in Shareholding 5.2.4. Golden share
18.4. Agreements relating to change of control	5.2.4. Golden share

Information required under Appendix 1 of regulation (EC) 809 /2004	Corresponding sections of the Registration Document
19. RELATED PARTY TRANSACTIONS	4.4. Regulated agreements and transactions with related parties - Special report of the Statutory Auditors on regulated agreements and transactions
20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
20.1. Historical financial information	6.2. Consolidated Financial Statements 6.3. Statutory Auditors' report on the Consolidated Financial Statements for the year ended December 31, 2011 6.4. Parent Company Financial Statements 6.5. Statutory Auditors' report on the Parent Company Financial Statements for the year ended December 31, 2011
20.2. Pro forma financial information	N/A
20.3. Consolidated financial statements	6.2. Consolidated Financial Statements 6.3. Statutory Auditors' report on the Consolidated Financial Statements for the year ended December 31, 2011
20.4. Auditing of historical annual financial information	
20.4.1. Statement of audit of historical financial information	6.3. Statutory Auditors' report on the Consolidated Financial Statements for the year ended December 31, 2011 6.5. Statutory Auditors' report on the Parent Company Financial Statements for the year ended December 31, 2011
20.4.2. Other information in theRegistration Document, which has been audited by the Statutory Auditors	N/A
20.4.3. Source of financial information appearing in theRegistration Document, which is not extracted from the issuer's audited financial statements	N/A
20.5. Age of latest financial information	6.2. Consolidated Financial Statements 6.4. Parent Company Financial Statements
20.6. Interim and other financial information	N/A
20.7. Dividend distribution policy	5.2.5. Dividend distribution policy
20.8. Legal and arbitration proceedings	6.2. Consolidated financial statements - Note 26 (Legal and anti-trust proceedings) 2.3.4. Legal risks 7.2. Legal and arbitration proceedings - Competition and industry concentration (update)
20.9. Significant change in the issuer's financial or trading position	6.2. Consolidated Financial Statements – Note 27 (Subsequent Events)

Information required under Appendix 1 of regulation (EC) 809 /2004	Corresponding sections of the Registration Document
21. ADDITIONAL INFORMATION	
21.1. Share capital	
21.1.1. Authorized capital and shares not issued	5.1.1. Share capital and voting rights 5.1.2. Potential capital and share equivalents 5.1.3. Authorizations relating to share capital and share equivalents and their utilization
21.1.2. Shares not representing capital	5.1.6. Non-equity
21.1.3. Shares held by the issuer or its subsidiaries	5.1.5. 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	5.2.4. Golden share
21.1.7. History of share capital	5.1.4. Five-year summary of changes in the GDF SUEZ share capital
21.2. Act incorporating documents and bylaws	7.1. Incorporating documents and bylaws
21.2.1. Issuer's objects and purposes	7.1.1. Issuer's corporate purpose
21.2.2. Corporate governance bodies	7.1.2. Corporate governance bodies
21.2.3. Rights, privileges and restrictions attached to shares	7.1.3. Rights, privileges and restrictions attached to shares
21.2.4. Amending the rights of shareholders	7.1.4. Change in rights attached to shares
21.2.5. Shareholders' Meetings	7.1.5. Shareholders' Meetings
21.2.6. Provisions having an effect of delaying, deferring or preventing a change in control of the issuer	5.2.4. Golden share 7.1.3. Rights, privileges and restrictions attached to shares
21.2.7. Disclosure of crossing statutory thresholds	7.1.6. Provisions relating to the disclosure of interests
21.2.8. Changes in share capital	7.1.7. Changes in share capital
22. MATERIAL CONTRACTS	6.1.2. Cash and shareholders' equity 6.2. Consolidated Financial Statements – Note 2 (Main changes in Group structure) 6.2. Consolidated Financial Statements – Note 27 (Subsequent Events)
23. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST	N/A
24. DOCUMENTS ACCESSIBLE TO THE PUBLIC	7.3. Documents accessible to the public
25. INFORMATION ON HOLDINGS	6.2. Consolidated Financial Statements – Note 28 (List of the main consolidated companies as at December 31, 2011)

INFORMATION RELATING TO THE COMPANY'S MANAGEMENT REPORT

This Registration 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 as at December 31, 2011:

Legislative or regulatory reference	Items required	Section of the Registration Document
I – ACTIVITY		
L. 232-1-II of the French Commercial Code	Company's situation over the past fiscal year	Section 6.1,1 Management report Section 6.2. Consolidated Financial Statements
	Foreseeable developments and future outlook	Section 6.1.1.7. Outlook
	Significant events, which have occurred between the date the fiscal year ended and the date on which the management report was drawn up	Section 6.2. Consolidated Financial Statements – Note 27 (Subsequent Events)
	Research and development activities	Section 1.5. Innovation, research and development policy Section 6.2. Consolidated Financial Statements – Note 10.2 (Research and development costs)
L. 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. Key figures Section 1.1.4. Strategic Priorities Section 1.3. Description of business lines in 2011
L. 233-6 para. 2 of the French Commercial Code	Activities and revenues of the Company and its subsidiaries by business line	Section 6.1.1.1. Revenue and earnings trends Section 6.1.1.2. Business trends
L. 225-100 para. 3 (1st sentence) and para. 5 of the French Commercial Code	Information relating to business trends, results and financial situation of the Company and the Group (particularly debt situation)	Section 6.1.1.1 Management report
L. 225-100-2 para. 1 of the French Commercial Code		Section 6.1.2.2. Borrowing conditions and 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 main risks and uncertainties and indications as to the use of financial instruments, for the Company and the Group	Section 2 Risk factors Section 6.2. Consolidated Financial Statements – Note 15 (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 6.1.1.6. Parent Company Financial Statements
II – FINANCIAL INFORMATION		
L. 233-13 of the French Commercial Code	Breakdown and changes in shareholding structure	Section 5.2.2. Breakdown of share capital – Changes in Shareholding Section 5.2.4. Golden share Section 5.2.3. Disclosure thresholds
	Names of controlled companies with a stake in the Company's treasury stock and proportion of capital thereby held	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 6.2. Consolidated financial statements – Note 1 (Summary of accounting methods) Section 6.4.2. – Appendix A (Summary of significant accounting policies)
L. 233-6 para. 1 of the French Commercial Code	Significant equity stakes over the fiscal year in companies with their head office in France	Section 6.2. Consolidated Financial Statements – Note 2 (Main changes in Group structure)
R. 225-102 para. 2 of the French Commercial Code	Table showing the Company's results for each of the last five fiscal years	Section 6.4.4. Five- year financial summary of the Company

Legislative or regulatory reference	Items required	Section of the Registration Document
L. 225-211 of the French Commercial Code	Purchase and sale by the Company of its own shares	Section 5.1.5. Stock repurchase Section 6.2. Consolidated financial statements - Note 16 (Equity)
L. 225-102 para. 1	Employee's stake in share capital	Section 5.2.2. Breakdown of share capital – Changes in shareholding
L. 225-180 of the French Commercial Code		Section 3.3.5. Employee profit sharing – Employee shareholding
L. 225-102 para. 2 of the French Commercial Code	Equity acquired by employees in an employee buyout	N/A
L. 225-100 para. 7 of the French Commercial Code	Table summarizing current authorizations granted by the Shareholders' Meeting for capital increases	Section 5.1,3 Authorizations relating to share capital and share equivalents 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 TAX INFORMATION		
Article 243 (a) of the French Tax Code	Amount of dividends distributed for the previous three fiscal years	Section 5.2.5. Dividend distribution policy
L. 464-2 I para. 5 of the French Commercial Code	Injunctions or financial sanctions for anti-trust practices	Section 6.2. Consolidated financial statements - Note 26.2 (Competition and industry concentration) Section 2.3.4 Legal risks Section 7.2. Legal and arbitration proceedings - Competition and industry concentration (update)
L. 225-100-3 of the French Commercial Code	Information potentially impacting a tender offer	Section 4.1.1. Board of Directors: Composition – Terms of office – Information – Independence Section 4.5. Compensation and benefits paid to members of corporate governance and management bodies Section 5.1.3 Authorizations relating to share capital and share equivalents and their utilization Section 5.2.2. Breakdown of share capital – Changes in shareholding Section 5.2.4. Golden share Section 5.2.3. Disclosure thresholds Section 7.1. Incorporating documents and bylaws Section 3.3.5. Employee profit sharing – Employee shareholding
R. 225-104 of the French Commercial Code	Social information	Section 3.3. Social information
IV – INFORMATION RELATING TO CORPORATE OFFICERS		
L. 225-102-1 paras. 1 to 3 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 4.1.1.3. Information about Directors in office
L. 225-102-1, para. 4 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 4.5. Compensation and benefits paid to members of corporate governance and management bodies Section 4.5.1. Compensation of executive management and corporate officers

Legislative or regulatory reference	Items required	Section of the Registration Document
L. 225-185 para. 4 of the French Commercial Code	In the event stock options are awarded, 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 4.4.5.1 Availability of shares resulting from the exercise of stock options and of performance shares
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 4.5.10. Summary of transactions disclosed by executive management and corporate officers in the fiscal year 2011
L. 225-197-1 II para. 4 of the French Commercial Code	In the event bonus shares are awarded, 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 4.4.5.1 Availability of shares resulting from the exercise of stock options and of 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 2.4. Industrial risks Section 3.4. Environmental information
L. 225-102-2 of the French Commercial Code	Specific information for companies operating at least one site classified as Seveso "high threshold"	Section 2.4.3. Seveso and equivalent sites Section 3.4. Environmental information
L. 225-102-1 para. 4 and R 225-104 of the French Commercial Code	Social information	Section 3.3. Social Information

INFORMATION RELATING TO THE COMPANY'S ANNUAL FINANCIAL REPORT

This Registration Document includes all items of the Annual 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 in the Annual Financial Report:

Items required	Section of the Registration Document
Parent Company Financial Statements	Section 6.4. Parent Company Financial Statements
Group Consolidated Financial Statements	Section 6.2. Consolidated Financial Statements
Management report	See specific comparison table above
Declaration by the Party Responsible for the Annual Financial Report	Section 7.4. Declaration by the parties responsible for the Registration Document containing the Annual Financial Report
Statutory Auditor's report on the Parent Company Financial Statements	Section 6.5. Statutory Auditors' report on the parent company financial statements for the year ended December 31, 2011
Statutory Auditor's report on the Consolidated Financial Statements	Section 6.3. Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2011
Statutory Auditors' Fees	Section 6.2. Consolidated financial statements – Note 29 (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 4.1. Report by the Chairman of the Board of Directors on corporate governance and internal control and risk management procedures
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	Section 4.2. 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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Our values

drive
commitment
daring
cohesion

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