



## CONSOLIDATED FINANCIAL STATEMENTS **2013**



# Management report

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Data included in the income statement, statement of financial position and statement of cash flows for the year ended December 31, 2013 are based on pro forma figures<sup>(1)</sup>, calculated as if SUEZ Environnement had been accounted for under the equity method as of January 1, 2012. The basis used to prepare this pro forma data is disclosed in Note 7 to this report.

In a persistently tough economic and regulatory environment – mainly in Europe – the GDF SUEZ Group delivered 2013 operating results in line with guidance while at the same time carrying out significant impairments of its assets (property, plant and equipment, goodwill and other intangible assets), thereby acknowledging in its financial statements the structural changes that are impacting two of its European businesses in particular: thermal power generation and underground natural gas storage.

**Revenues** were down slightly by 0.8% on a reported basis to €81.3 billion compared with 2012 (organic growth of 3.0%). The negative impact of changes in the scope of consolidation and currency effects were partially compensated by higher gas and electricity sales in France due to broadly cold climatic conditions and the upturn in LNG sales as part of arbitrage transactions in early 2013.

**EBITDA**, which amounted to €13.4 billion for the year, was down 8.1% on a reported basis (organic decrease of 2.7%). This decrease in reported EBITDA was attributable to negative currency effects, the loss of earnings from entities sold as part of the Group's asset portfolio optimization program, lower electricity prices, the end of free carbon allowances and a decline in production in the Exploration - Production business. These adverse impacts were partially offset by the positive impact of the commissioning of new assets, cold climatic conditions in France, strong operating performances and the results of the Group's performance action plan.

**Current operating income** declined by 13.8% on a reported basis (negative organic growth of 7.8%) to €7.2 billion, reflecting the drop in EBITDA and higher net additions to provisions, partially offset by lower depreciation and amortization charges.

On a pro forma basis, **net income/(loss) Group share** totaled -€9.7 billion in 2013, down €11.3 billion year on year. In 2013, net income/(loss) Group share was mainly impacted by the impairment of the Group's assets in the consolidated financial statements.

**Net recurring income Group share** which amounted to €3.4 billion was down 10.1% year on year. The decline in current operation income was partially offset by lower recurring financial expenses due to a more active debt management. Moreover the tax charge decreased despite a higher effective recurring tax rate.

**Cash generated from operations before income tax and working capital requirements**, which amounted to €13.3 billion, was €1.3 billion lower than for the year ended December 31, 2012, due mainly to the drop in EBITDA.

**Net debt**, which stood at €29.8 billion at end-December 2013, was €6.8 billion lower than one year earlier and mainly reflected the following items: (i) cash flow from operations (CFFO) of €10.4 billion less gross investments for the period of €7.5 billion; (ii) dividends of €3.5 billion paid to GDF SUEZ SA shareholders; (iii) the proceeds from the issue of hybrid notes by GDF SUEZ in early July 2013 (€1.7 billion); (iv) the impact of disposals carried out as part of the asset portfolio optimization program, including the sale of SPP (Slovakia) and 50% of the Portuguese energy businesses; and (v) the classification of certain French wind farms and the Group's stake in the Jirau dam as assets held for sale.

<sup>(1)</sup> Consolidated financial statements presented in section II have been approved and authorised for issue by the Board of Directors as of February 26, 2014. They have been audited by Group's statutory auditors. The pro forma figures, including the SUEZ Environnement Company Group as an associate from January 1, 2012, have been reviewed by Group's statutory auditors and are subject to a specific report.

## I.1. REVENUES AND EARNINGS TRENDS

Pro forma, in millions of euros

|                                              | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|----------------------------------------------|---------------|---------------|---------------------------|
| <b>Revenues</b>                              | <b>81,278</b> | <b>81,960</b> | <b>-0.8%</b>              |
| <b>EBITDA</b>                                | <b>13,419</b> | <b>14,600</b> | <b>-8.1%</b>              |
| Depreciation, amortization and provisions    | (6,053)       | (6,077)       |                           |
| Net disbursements under concession contracts | (40)          | (30)          |                           |
| Share-based payments                         | (85)          | (94)          |                           |
| <b>CURRENT OPERATING INCOME</b>              | <b>7,241</b>  | <b>8,399</b>  | <b>-13.8%</b>             |

Consolidated **revenues** for the year ended December 31, 2013 amounted to €81.3 billion, down 0.8% compared with 2012. On an organic basis (excluding the impact of changes in the scope of consolidation and exchange rates), revenues moved up by 3.0%.

Changes in the scope of consolidation had a negative €2.1 billion impact, mainly corresponding to disposals (sale by Energy Europe of SPP in Slovakia and by Energy International of Maestrale in Italy and Germany, and the disposal of the US thermal power plant of Red Hills and Astoria Energy, Phase I) and the change to equity method accounting following the loss of control of Senoko (Singapore), Al Hidd (Bahrain) and Sohar Power Company SAOG (Oman).

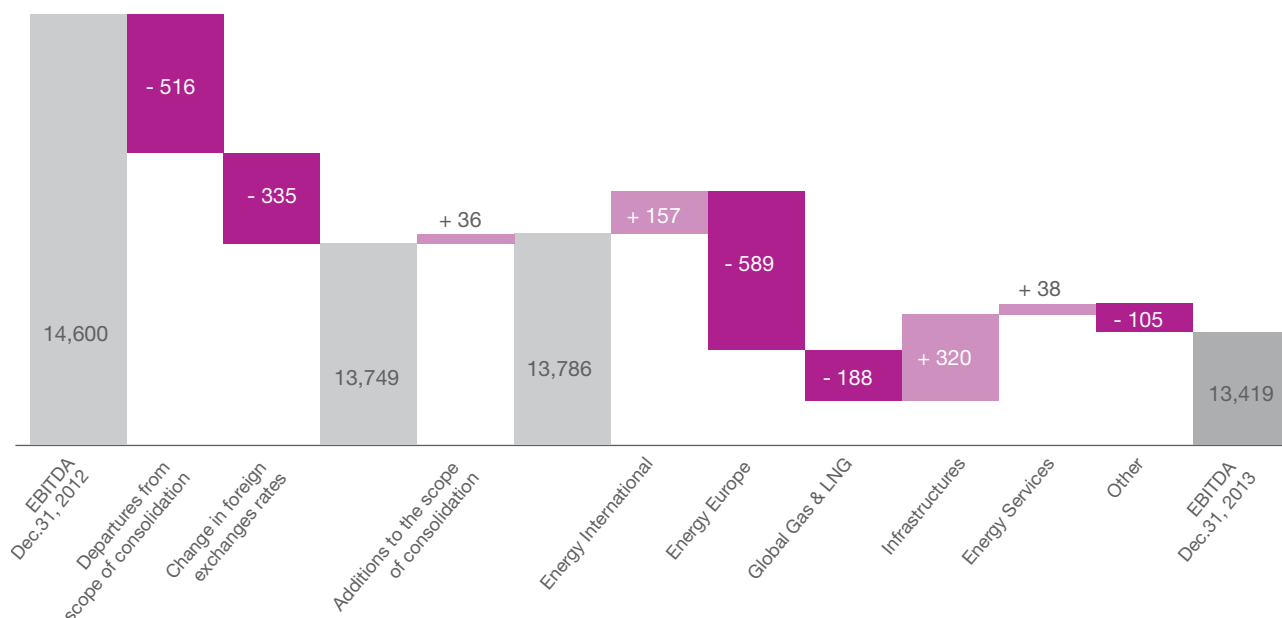
Exchange rates had a negative €0.9 billion impact on Group revenues due to the appreciation of the euro against the other major currencies.

Organic revenue performance varied across the Group's business lines: Global Gas & LNG and Infrastructures reported strong growth for the period, while revenues were up slightly at Energy Europe and Energy International and stable at Energy Services.

**EBITDA** declined by 8.1% to €13.4 billion over the period. Excluding the impact of changes in exchange rates and in the scope of consolidation, the decrease in EBITDA came out at 2.7%.

### EBITDA TRENDS

Pro forma, in millions of euros



Changes in the scope of consolidation had a negative €479 million impact, in line with the impact on revenues. Additions to the scope of consolidation were few in number and not material.

Changes in exchange rates had a negative €335 million impact due to the appreciation of the euro against the other major currencies (mainly the Brazilian real, US dollar and Norwegian krone).

On an organic basis, EBITDA was down 2.7% or €367 million. Notwithstanding the impact of the Group's performance plan across the business lines, this decline reflected the following trends:

- ▶ EBITDA for Energy International amounted to €3,871 million and was up 4.2% on an organic basis due to the positive contribution of newly-commissioned facilities, notably in Brazil, Peru and Thailand, higher prices in Australia and a good performance by the LNG business in the US. However, this was partially offset by lower figures reported in Chile, difficult market conditions in the UK and unfavorable climatic conditions in the US;
- ▶ EBITDA for Energy Europe came in at €3,415 million, down 14.8% on an organic basis, due to the fall in electricity market prices and the end of free carbon allocations. These adverse impacts were only partially offset by cold climatic conditions in 2013 and the benefit of the gas price "catch-up" adjustments in France;

- ▶ EBITDA for Global Gas & LNG dropped €188 million or 8.2% on an organic basis to €2,124 million, chiefly as a result of the fall in production of the Exploration - Production business, due to production outages at the Snøhvit and Njord fields in the first and second halves of 2013, respectively;

- ▶ EBITDA for Infrastructures climbed 10.5% on an organic basis to €3,370 million, boosted by particularly favorable climatic conditions in 2013 and the annual review of infrastructure access tariffs, and despite lower storage capacity sales in France;

- ▶ EBITDA for Energy Services advanced by 3.8% on an organic basis to €1,068 million, all its activities contributing to its performance.

**Current operating income** declined 7.8% on an organic basis compared with 2012, to €7.2 billion. Net additions to provisions were higher while net depreciation and amortization expenses edged down due to impairment loss provisions taken on certain assets at December 31, 2012 and to the decrease in production in the Exploration - Production business, combined with an increase in the Book of Reserves. After taking into account changes in the scope of consolidation and exchange rates, current operating income for the period declined by 13.8% on a reported basis.

## I.2. BUSINESS TRENDS

### I.2.1 Energy International

|                                           | Dec. 31, 2013        |               |                             |               |                                  |                      |
|-------------------------------------------|----------------------|---------------|-----------------------------|---------------|----------------------------------|----------------------|
| <i>Pro forma, in millions of euros</i>    | Total <sup>(1)</sup> | Latin America | Asia-Pacific <sup>(2)</sup> | North America | UK & Other Europe <sup>(2)</sup> | SAMEA <sup>(2)</sup> |
| Revenues                                  | 14,833               | 3,617         | 2,990                       | 4,094         | 3,552                            | 580                  |
| EBITDA                                    | 3,871                | 1,475         | 840                         | 1,016         | 481                              | 181                  |
| Depreciation, amortization and provisions | (1,232)              | (398)         | (245)                       | (390)         | (190)                            | (8)                  |
| Share-based payments                      | (4)                  | -             | -                           | -             | -                                | -                    |
| CURRENT OPERATING INCOME                  | 2,635                | 1,076         | 595                         | 626           | 291                              | 173                  |

|                                           | Dec. 31, 2012        |               |                             |               |                                  |                      |                           |
|-------------------------------------------|----------------------|---------------|-----------------------------|---------------|----------------------------------|----------------------|---------------------------|
| <i>Pro forma, in millions of euros</i>    | Total <sup>(1)</sup> | Latin America | Asia-Pacific <sup>(2)</sup> | North America | UK & Other Europe <sup>(2)</sup> | SAMEA <sup>(2)</sup> | % change (reported basis) |
| Revenues                                  | 16,044               | 3,827         | 3,059                       | 4,412         | 4,056                            | 689                  | -7.6%                     |
| EBITDA                                    | 4,304                | 1,690         | 740                         | 1,092         | 697                              | 224                  | -10.1%                    |
| Depreciation, amortization and provisions | (1,397)              | (462)         | (221)                       | (444)         | (234)                            | (26)                 |                           |
| Share-based payments                      | (6)                  | -             | -                           | -             | -                                | -                    |                           |
| CURRENT OPERATING INCOME                  | 2,902                | 1,228         | 519                         | 649           | 462                              | 198                  | -9.2%                     |

(1) The Energy International business line also has a "headquarters" function, the costs for which are not broken down in the table above.

(2) Energy International business line has been reorganized into five business areas (previously six). Asia-Pacific now includes Australia, formerly a separate business area, but no longer includes Pakistan which is now part of SAMEA (South Asia, Middle East and Africa). Turkey is now included in the UK & Other Europe business area. Prior year figures have been restated to reflect this new organizational structure.

Energy International's **revenues**, at €14,833 million, fell 7.6% based on reported figures and climbed 2.9% on an organic basis. These changes reflect the impact of the asset portfolio optimization program (accounting for a decrease of €860 million) and exchange rate fluctuations (negative impact of €770 million, due to the strengthening of the euro against all major currencies). They also reflect continued organic growth driven by the commissioning of new power plants in Thailand and Latin America as well as power price increases implemented, primarily in Brazil, Thailand and Australia. Gas and electricity sales reached respectively 79.6 TWh and 220.4 TWh.

**EBITDA** decreased by 10.1% on a reported basis to €3,871 million, but showed an underlying increase of €157 million or 4.2% after taking into account the negative impacts of divestments (€318 million) and foreign exchange movements (€272 million). This increase reflects the impact of the above mentioned newly commissioned plants and price increases, as well as the strong performance of the LNG business in the US and the impacts of the performance plan.

**Current operating income**, at €2,635 million, decreased by 9.2% on a reported basis but increased by €143 million or 5.8% on an organic basis, reflecting the increase in EBITDA partly offset by additional depreciation charged against newly commissioned plants.

#### Latin America

**Revenues** for the Latin America region totaled €3,617 million, down €209 million on a reported basis but up 3.0% on an organic basis compared to 2012. In Brazil, higher sales resulted from the full commissioning of the Estreito hydro power plant (1,090 MW) combined with an increase in average sales prices, primarily due to indexation linked to inflation. Peru trended upwards thanks to the commissioning of the Chilca combined cycle plant (270 MW) and the Ilo thermo plant (560 MW), as well as a rise in demand from customers. In Chile, revenues decreased following a decline in LNG sales as supply agreements gradually expired.

Electricity sales increased by 1.5 TWh to 54.3 TWh, while gas sales were down 3.3 TWh, particularly in Chile, coming in at 11.4 TWh.

**EBITDA** totaled €1,475 million, representing a decrease of €44 million or 2.9% on an organic basis, mainly reflecting:

- ▶ negative trends in Chile, mostly linked to coal plants' (CTA/CTH) forced outage during January 2013 and to the end of LNG high margin gas supply agreements;
- ▶ a lower performance in Brazil, mostly due to adverse hydrological conditions, partly offset by the commissioning of the final units at Estreito and an increase in average prices for bilateral sales, mainly due to inflation;
- ▶ positive trends in Peru, mainly due to the commissioning of the Chilca combined cycle facility and of the Ilo thermo plant.

**Current operating income** amounted to €1,076 million, down €14 million or 1.2% on an organic basis. A favorable change in the LNG terminal's depreciation profile in Chile in line with the end of high margin gas sales contracts and the start of re-gasification services partially offset the downturn in EBITDA.

### Asia-Pacific

**Revenues** for the region totaled €2,990 million, down 2.3% or €69 million on a reported basis, reflecting the change of consolidation method for Senoko in Singapore following a change in control. However, revenues showed strong organic growth of 18.6% or €469 million, primarily attributable to the commissioning of power generation assets in Thailand (Gheco One and TNP2 in August 2012 and December 2012, respectively), as well as to higher electricity prices in Australia following the introduction of the carbon emissions reduction scheme on July 1, 2012 and a stronger performance from the Australian retail business.

Electricity sales decreased by 0.8 TWh to 42.8 TWh, reflecting the change of consolidation method for Senoko (negative impact of 2.7 TWh) and a decrease of 1.2 TWh in Australia, offset by an increase of 3.1 TWh in Thailand. Natural gas sales increased by 1.0 TWh to 5.9 TWh.

**EBITDA** came in at €840 million, up €101 million (13.6%) based on reported figures or €187 million (28.5%) on an organic basis. Organic EBITDA growth mainly results from:

- ▶ a strong performance in Thailand, driven by increases in both volumes (partly related to the maintenance cycle) and prices, and by the commissioning of Gheco One and TNP2;
- ▶ higher prices in Australia and an improved performance from the retail business, with higher margins and more accounts.

**Current operating income** amounted to €595 million, up €136 million or 29.7% on an organic basis, reflecting EBITDA trends and the start of depreciation at the recently commissioned plants of Gheco One and TNP2.

### North America

**Revenues** for the North America region totaled €4,094 million, representing a decrease of 7.2% based on reported figures and an increase of 0.7% on an organic basis. This resulted from a strong performance in the gas businesses and an improved operational performance in Mexico, but was tempered by a fall in US wholesale electricity pricing and compression in the US retail market.

Electricity sales increased by 2.0 TWh to 74.6 TWh on an organic basis, after adjusting for divestments within the scope of the asset portfolio optimization program, which reduced volumes by 6.1 TWh. Natural gas sales <sup>(1)</sup>, excluding intra-group transactions, fell by 10.9 TWh to 39.7 TWh, mainly due to fewer overall LNG cargoes combined with more LNG diversions (intra-group sales).

**EBITDA** came in at €1,016 million, up 3.2% on an organic basis. The strong performance from the LNG (improved margins versus 2012) and Mexican businesses was partially offset by a decline in the overall performance of the US power and retail businesses, which were primarily impacted by mild weather conditions.

**Current operating income** totaled €626 million, representing an increase of 5.7% on an organic basis, chiefly due to the EBITDA improvement.

### UK & Other Europe

**Revenues** for the region totaled €3,552 million, representing a decrease of 5.8% on an organic basis. This primarily resulted from the lower utilization of assets in Spain and Portugal and a drop in sales volumes in the UK retail business.

Electricity sales amounted to 35.9 TWh, representing a decrease of 4.6 TWh. This is mainly due to lower volumes in Spain and Portugal and in the UK retail business. It also reflects a reduction of 1.6 TWh due to the asset portfolio optimization program in Continental Europe and to the closure of certain power plants in the United Kingdom. Gas sales were 22.5 TWh, down 4.1 TWh due to lower volumes for the UK retail business and Turkish operations.

**EBITDA** of €481 million fell 9.5% on an organic basis. Power production assets in the United Kingdom continued to face challenging market conditions (particularly gas-fired plants) and were also affected both by the end of free carbon allowances and by the introduction of a carbon floor tax. These impacts were partially mitigated by the implementation of cost-reduction actions, a favorable one-off compensation payment and better dark spreads.

**Current operating income** totaled €291 million, representing a decrease of 20.9% on an organic basis. This resulted from lower EBITDA and higher provision balances, partially offset by a fall in depreciation due to the decommissioning of the Teesside power plant.

(1) Sales of natural gas (including intra-group sales) came out 5.8 TWh lower at 71.4 TWh, as a result of fewer LNG cargoes.

## South Asia, Middle East & Africa

**Revenues** for the region totaled €580 million, up 7.3% on an organic basis. This growth is mainly related to higher revenues from the operating and maintenance (O&M) activities of new power plants in Oman (Barka 3 and Sohar 2) and in Saudi Arabia (Riyadh IPP).

**EBITDA** came in at €181 million, down €43 million on a reported basis, but representing an increase of €19 million or 12% on an

organic basis. This reported decrease takes into account the change in consolidation method for Al Hidd and Sohar 1 power plants, which have been accounted for under the equity method since their partial disposals in May 2012 and May 2013, respectively. The underlying organic change is mainly related to increased O&M activities.

**Current operating income** totaled €173 million, an increase of €37 million or 27.7% on an organic basis, reflecting improved EBITDA as well as lower provisions.

## I.2.2 Energy Europe

|                                           | Dec. 31, 2013        |                        |                                          | Dec. 31, 2012        |                        |                                          | % change (reported basis) |
|-------------------------------------------|----------------------|------------------------|------------------------------------------|----------------------|------------------------|------------------------------------------|---------------------------|
|                                           | Total <sup>(1)</sup> | Central Western Europe | Southern & Eastern Europe <sup>(2)</sup> | Total <sup>(1)</sup> | Central Western Europe | Southern & Eastern Europe <sup>(2)</sup> |                           |
| <i>Pro forma, in millions of euros</i>    |                      |                        |                                          |                      |                        |                                          |                           |
| <b>Revenues</b>                           | <b>43,479</b>        | <b>36,355</b>          | <b>7,124</b>                             | <b>44,418</b>        | <b>35,804</b>          | <b>8,614</b>                             | <b>-2.1%</b>              |
| <b>EBITDA</b>                             | <b>3,415</b>         | <b>2,967</b>           | <b>560</b>                               | <b>4,180</b>         | <b>3,429</b>           | <b>880</b>                               | <b>-18.3%</b>             |
| Depreciation, amortization and provisions | (1,950)              | (1,546)                | (399)                                    | (1,670)              | (1,200)                | (468)                                    |                           |
| Share-based payments                      | (14)                 | (11)                   | -                                        | (16)                 | (13)                   | -                                        |                           |
| <b>CURRENT OPERATING INCOME</b>           | <b>1,452</b>         | <b>1,409</b>           | <b>161</b>                               | <b>2,494</b>         | <b>2,215</b>           | <b>413</b>                               | <b>-41.8%</b>             |

(1) Of which business line corporate function costs.

(2) Other Europe has been renamed Southern & Eastern Europe.

### VOLUMES SOLD BY THE BUSINESS LINE

| <i>In TWh</i>     | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|-------------------|---------------|---------------|---------------------------|
| Gas sales         | 684           | 658           | +3.9%                     |
| Electricity sales | 187           | 193           | -3.6%                     |

The contribution of Energy Europe to Group **revenues** came in at €43,479 million, down 2.1% year on year. Gas sales amounted to 684 TWh, including 126 TWh to key accounts. Electricity sales amounted to 187 TWh. At end-December 2013, Energy Europe had over 14.2 million individual customers for gas and almost 5.3 million electricity customers.

The business line's **EBITDA** for the period fell by 18.3% to €3,415 million. The period was adversely impacted by a fall in selling prices on the electricity market, outages at the Doel 3 and Tihange 2 nuclear power plants in Belgium until the beginning of June 2013 <sup>(1)</sup>, the end of free carbon allocations and by the sale of SPP (Slovakia) in early 2013. Climatic conditions, the price "catch-up" adjustments in France for 2011 and 2012 and performance efforts only partially offset these impacts.

The 41.8% drop in **current operating income** reflects the decline in EBITDA as well as net additions to provisions in the Central Western Europe (CWE) region.

### Central Western Europe (CWE)

The contribution of CWE to Group **revenues** amounted to €36,355 million, edging up 1.5% year on year, as the strong performance in France more than offset sluggish sales in Belgium.

CWE's **EBITDA** declined by 13.5 % on a reported basis, primarily due to the overall fall in electricity market prices in Europe, the end of free carbon allocations and lower margins on midstream gas, partially offset by favorable climatic conditions, the gas price "catch-up" adjustments in France and performance efforts.

The 36.4% drop in **current operating income** reflects the decline in EBITDA and higher net additions to provisions chiefly on certain contracts.

(1) The year-on-year impact of outages at the Doel 3 and Tihange 2 nuclear power plants in Belgium is slightly negative. These lasted 24 weeks at Doel 3 and 14 weeks at Tihange 2 in 2012 and continued through early June 2013 at both plants.

### CWE FRANCE

Pro forma, in millions of euros

|                                           | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|-------------------------------------------|---------------|---------------|---------------------------|
| <b>Revenues</b>                           | <b>17,669</b> | <b>17,183</b> | <b>+2.8%</b>              |
| <b>EBITDA</b>                             | <b>1,523</b>  | <b>1,175</b>  | <b>+29.6%</b>             |
| Depreciation, amortization and provisions | (509)         | (470)         |                           |
| Share-based payments                      | (4)           | (5)           |                           |
| <b>CURRENT OPERATING INCOME</b>           | <b>1,010</b>  | <b>700</b>    | <b>+44.3%</b>             |

### VOLUMES SOLD IN FRANCE

| In TWh                   | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|--------------------------|---------------|---------------|---------------------------|
| Gas sales <sup>(1)</sup> | 281           | 288           | -2.7%                     |
| Electricity sales        | 52            | 50            | +2.8%                     |

(1) Business line contribution data.

### FRANCE CLIMATIC CORRECTION

| In TWh                                                                                         | Dec. 31, 2013 | Dec. 31, 2012 | Total change in TWh |
|------------------------------------------------------------------------------------------------|---------------|---------------|---------------------|
| Climate adjustment volumes<br>(negative figure = warm climate, positive figure = cold climate) | 17.3          | (0.9)         | +18.2               |

CWE France's contribution to Group **revenues** amounted to €17,669 million for the year to December 31, 2013, up €486 million compared to the previous period.

Natural **gas sales** declined by 7.7 TWh year on year and the more favorable climatic conditions of 2013 could not completely offset the impacts of customer losses and energy savings. GDF SUEZ still holds around 83% of the retail market and around 51% of the business market.

**Electricity sales** increased by 1.5 TWh thanks to higher sales to direct customers and to the market as a result of the increase in electricity production. This grew to 32.6 TWh (31.5 TWh in 2012) thanks to the

commissioning of new wind farms and an exceptionally high level of hydropower in 2013, partly offset by a fall in production at gas-fired power plants (unfavorable market conditions).

**EBITDA** grew by €348 million due mainly to the very favorable climatic conditions in 2013 (positive impact on gas sales) and the gas price "catch-up" adjustments in France which had a positive €150 million impact in 2013. These positive factors were partly offset by a fall in electricity market prices.

**Current operating income** came out €310 million higher, in line with the increase in EBITDA.

### CWE BENELUX & GERMANY

Pro forma, in millions of euros

|                                           | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|-------------------------------------------|---------------|---------------|---------------------------|
| <b>Revenues</b>                           | <b>12,555</b> | <b>14,210</b> | <b>-11.6%</b>             |
| <b>EBITDA</b>                             | <b>1,357</b>  | <b>1,883</b>  | <b>-28.0%</b>             |
| Depreciation, amortization and provisions | (794)         | (665)         |                           |
| Share-based payments                      | (6)           | (6)           |                           |
| <b>CURRENT OPERATING INCOME</b>           | <b>557</b>    | <b>1,212</b>  | <b>-54.2%</b>             |

**Revenues** from Benelux & Germany amounted to €12,555 million, a drop of 11.6% compared to 2012. Electricity volumes sold amounted to 96.0 TWh, which was down 7% due to the slowdown of sales in Belgium. Electricity production fell by 1.7 TWh to 64.7 TWh due to unfavorable spreads and outages at coal-fired plants, partially offset by much lower outages at nuclear power plants at year end:

- ▶ electricity sales in Belgium and Luxembourg dropped by almost 15% in volume terms to 72.1 TWh, due mainly to a fall in market sales, which were adversely impacted by the closure of old coal-fired plants, and to customer losses;
- ▶ electricity sales in the Netherlands advanced 7.6% to 9.9 TWh, driven by higher sales to individual and business customers;

- ▶ electricity sales in Germany surged by 50% to 14.1 TWh on the back of higher sales to the market and to business customers.

Gas volumes sold increased 0.8%, or 1.0 TWh, driven by a positive climatic effect and stronger market sales that offset the loss of individual and business customers in Belgium and lower sales to key accounts in Germany and the Netherlands.

**EBITDA** for Benelux & Germany fell back by 28% under the impact of lower electricity prices and unfavorable spreads, the end of free carbon allocations and a sluggish performance in Germany.

**Current operating income** declined by even more than EBITDA as a result of higher net additions to provisions chiefly on certain contracts.

## Southern & Eastern Europe

*Pro forma, in millions of euros*

|                                           | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|-------------------------------------------|---------------|---------------|---------------------------|
| <b>Revenues</b>                           | <b>7,124</b>  | <b>8,614</b>  | <b>-17.3%</b>             |
| <b>EBITDA</b>                             | <b>560</b>    | <b>880</b>    | <b>-36.3%</b>             |
| Depreciation, amortization and provisions | (399)         | (467)         |                           |
| <b>CURRENT OPERATING INCOME</b>           | <b>161</b>    | <b>413</b>    | <b>-61.1%</b>             |

Southern & Eastern Europe region **revenues** dropped 17.3% due to lower sales in Italy and the disposal of SPP (Slovakia).

**EBITDA** for Southern & Eastern Europe slumped by 36.3% due to the disposal of SPP (Slovakia) at the beginning of 2013 and lackluster performances in Italy and Poland due to a tough regulatory

environment, and notwithstanding a strong performance from Romania.

The drop in **current operating income** largely tracked the decline in EBITDA although the decrease was offset somewhat by lower net additions to depreciation, amortization and provision charges.

## I.2.3 Global Gas & LNG

*Pro forma, in millions of euros*

|                                                        | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|--------------------------------------------------------|---------------|---------------|---------------------------|
| <b>Revenues</b>                                        | <b>5,685</b>  | <b>4,759</b>  | <b>+19.5%</b>             |
| <b>Total revenues (incl. intra-group transactions)</b> | <b>8,445</b>  | <b>7,945</b>  | <b>+6.3%</b>              |
| <b>EBITDA</b>                                          | <b>2,124</b>  | <b>2,377</b>  | <b>-10.6%</b>             |
| Depreciation, amortization and provisions              | (1,182)       | (1,255)       |                           |
| Share-based payments                                   | (2)           | (3)           |                           |
| <b>CURRENT OPERATING INCOME</b>                        | <b>940</b>    | <b>1,119</b>  | <b>-16.0%</b>             |

Global Gas & LNG's contribution to Group **revenues** for the year ended December 31, 2013 amounted to €5,685 million, up 19.5% or €926 million year on year. Organic growth came in at 22.3% or €1,033 million.

The contribution to revenues was driven by:

- growth of 19 TWh in external sales in LNG business, with volumes amounting to 79 TWh for the year, representing 87 cargoes, of which 67 shipped to Asia (2012: 60 TWh for 66 cargoes, of which 39 shipped to Asia), and the impact of higher gas selling prices in Europe and the arbitrage operations in Asia and Europe in early 2013;
- higher Exploration & Production hydrocarbon production contribution (45.4 Mboe at end-December 2013 versus 43.6 Mboe at end-December 2012 <sup>(1)</sup>), albeit with no impact on revenues due to unfavorable movements in the oil-gas mix.

**EBITDA** for the Global Gas & LNG business line amounted to €2,124 million at December 31, 2013, compared with €2,377 million at the end of December 2012, down €253 million or 10.6% on a reported basis. It dropped by €188 million on an organic basis, due mainly to the decline in production in the Exploration - Production business, notably due to outages carried out at the Snøvit and Njord fields in the first and second halves of 2013, respectively.

**Current operating income** came in at €940 million for the year, down 16% or €179 million on a reported basis, due to lower depreciation charges as a result of the abovementioned fall in production, combined with the upward revaluation of the Book of Reserves.

## 1.2.4 Infrastructures

*Pro forma, in millions of euros*

|                                                        | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|--------------------------------------------------------|---------------|---------------|---------------------------|
| <b>Revenues</b>                                        | <b>2,574</b>  | <b>2,031</b>  | <b>+26.7%</b>             |
| <b>Total revenues (incl. intra-group transactions)</b> | <b>6,792</b>  | <b>6,216</b>  | <b>+9.3%</b>              |
| <b>EBITDA</b>                                          | <b>3,370</b>  | <b>3,049</b>  | <b>+10.5%</b>             |
| Depreciation, amortization and provisions              | (1,299)       | (1,239)       |                           |
| Share-based payments                                   | (8)           | (5)           |                           |
| <b>CURRENT OPERATING INCOME</b>                        | <b>2,063</b>  | <b>1,805</b>  | <b>+14.3%</b>             |

Total **revenues** for the Infrastructures business line, including intra-group services, amounted to €6,792 million in 2013, an increase of 9.3% on 2012. This was primarily driven by an increase in distribution and transportation infrastructure access tariffs in an environment marked by lower storage capacity sales in France and by colder climatic conditions when compared to 2012.

Full-year 2013 revenue trends reflect:

- an increase in volumes distributed by GrDF due to colder climatic conditions in 2013 than the previous year (up 24.0 TWh);
- the annual review of distribution infrastructure access tariffs (8.0% increase on July 1, 2012, and 4.1% increase on July 1, 2013);
- the annual review of transport infrastructure access tariffs on April 1, 2012 (6% increase) and April 1, 2013 (8.3% increase).

In this climatic and regulatory context, the business line's contribution to Group revenues in 2013 was €2,574 million, up 26.7% year on year, reflecting:

- growth in transportation, storage and terminal services for third parties against the backdrop of an increasingly deregulated market;
- higher gas purchase-sale transactions to maintain storage performance.

**EBITDA** for the Infrastructures business line amounted to €3,370 million for the period, up 10.5% compared to 2012.

All of the business line's activities contributed to the growth performance, except for underground natural gas storage which was held back by lower prices and smaller volumes.

**Current operating income** came in at €2,063 million, up 14.3%, with net depreciation, amortization and provision charges remaining stable.

(1) Total production : 51.9 Mboe at end-December 2013 versus 54.9 Mboe at end-December 2012 (lower internal sales counterbalanced by higher external sales).

## I.2.5 Energy Services

*Pro forma, in millions of euros*

|                                              | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|----------------------------------------------|---------------|---------------|---------------------------|
| <b>Revenues</b>                              | <b>14,707</b> | <b>14,707</b> | <b>-%</b>                 |
| <b>EBITDA</b>                                | <b>1,068</b>  | <b>1,018</b>  | <b>+5.0%</b>              |
| Depreciation, amortization and provisions    | (317)         | (317)         |                           |
| Net disbursements under concession contracts | (38)          | (30)          |                           |
| Share-based payments                         | (9)           | (11)          |                           |
| <b>CURRENT OPERATING INCOME</b>              | <b>705</b>    | <b>660</b>    | <b>+6.8%</b>              |

**Revenues** for the Energy Services business line were stable year on year at €14,707 million on a reported basis.

On an organic basis, they edged down 0.1% or €15 million, reflecting:

- ▶ a €24 million decrease in services activities in France, reflecting the impact of the expiration of gas cogeneration contracts and the slowdown in construction projects;
- ▶ a €26 million decline in installation activities in the Netherlands;
- ▶ a €53 million drop in installation and services activities in the UK, Switzerland, Austria and Spain where market conditions remain very tough;
- ▶ lower levels of Engineering business (down €9 million), reflecting cuts in investment in the European energy sector.

These items were partially offset by:

- ▶ €31 million growth in installation activities in France;
- ▶ growth in installation activities in Belgium (up €23 million), albeit at a lower rate than in 2012;
- ▶ brisk business in installation and services activities in Germany (up €31 million);
- ▶ a €9 million rise in the heating networks activity in France, due primarily to the positive impact of rate increases and cold climatic conditions in the first six months of the year, and despite the expiration of gas cogeneration contracts with CPCU.

**EBITDA** for Energy Services grew 5.0% (€50 million) on a reported basis to €1,068 million.

Organic growth came out at 3.8%, or €39 million, despite the following adverse developments:

- ▶ the expiration of gas cogeneration contracts in France (negative impact of €60 million);
- ▶ narrower margins, especially in engineering and local and regional installation markets in France and Belgium;
- ▶ negative volume impacts, especially for installation activities in Spain and the Netherlands.

These items were more than offset by:

- ▶ cold climatic conditions in France in the first quarter of 2013;
- ▶ cost-cutting measures – especially on overheads – and measures to boost operating performance;
- ▶ the positive impact of the French tax credit to promote competitiveness and employment (*Crédit d'Impôt Compétitivité Emploi*);
- ▶ the positive impact of the commissioning of new heating networks and services in France.

**Current operating income** amounted to €705 million, compared with €660 million in 2012 and mirrors the growth in business line EBITDA. Net additions to depreciation, amortization and provisions were stable year on year.

## I.2.6 Other

*Pro forma, in millions of euros*

|                                           | Dec. 31, 2013 | Dec. 31, 2012 | % change (reported basis) |
|-------------------------------------------|---------------|---------------|---------------------------|
| <b>EBITDA</b>                             | <b>(430)</b>  | <b>(328)</b>  | <b>-31.2%</b>             |
| Depreciation, amortization and provisions | (76)          | (199)         |                           |
| Share-based payments                      | (48)          | (54)          |                           |
| <b>CURRENT OPERATING INCOME/(LOSS)</b>    | <b>(554)</b>  | <b>(581)</b>  | <b>+4.6%</b>              |

EBITDA for the Other business line came in at a negative €430 million and was down on 2012, largely owing to the settlement of a legal dispute.

However, **current operating income/(loss)** for 2013 came in at a similar level to 2012 due to the reversal of a provision relating to this same dispute.

## I.3. OTHER INCOME STATEMENT ITEMS

| <i>Pro forma, in millions of euros</i>                               | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> | <b>% change<br/>(reported basis)</b> |
|----------------------------------------------------------------------|----------------------|----------------------|--------------------------------------|
| <b>Current operating income</b>                                      | <b>7,241</b>         | <b>8,399</b>         |                                      |
| Mark-to-market on commodity contracts other than trading instruments | (225)                | 105                  |                                      |
| Impairment losses                                                    | (14,947)             | (2,387)              |                                      |
| Restructuring costs                                                  | (288)                | (263)                |                                      |
| Changes in scope of consolidation                                    | (41)                 | 110                  |                                      |
| Other non-recurring items                                            | 536                  | 161                  |                                      |
| <b>Income/(loss) from operating activities</b>                       | <b>(7,724)</b>       | <b>6,124</b>         | <b>(13,848)</b>                      |
| Net financial income/(loss)                                          | (1,754)              | (2,341)              | 586                                  |
| Income tax expense                                                   | (620)                | (1,884)              | 1,264                                |
| Share in net income of associates                                    | 513                  | 480                  | 33                                   |
| <b>NET INCOME/(LOSS)</b>                                             | <b>(9,585)</b>       | <b>2,380</b>         | <b>(11,965)</b>                      |
| Of which non-controlling interests                                   | 152                  | 836                  | (684)                                |
| Of which net income/(loss) Group share                               | (9,737)              | 1,544                | (11,281)                             |

**Income/(loss) from operating activities** amounted to -€7,724 million, down on the end-2012 figure mainly due to the drop in current operating income and the impact of impairment losses taken against goodwill, property, plant and equipment, and intangible assets.

At December 31, 2013, the Group recognized impairment losses against goodwill for €5,775 million, and against property, plant and equipment, and intangible assets for €9,103 million, chiefly concerning the Energy Europe and Infrastructures business lines.

The impairment losses recognized against the Energy Europe business line can be analyzed as follows:

- ▶ €4,438 million relating to goodwill (which consisted mainly of €3,862 million on the Central Western Europe CGU (CWE), €252 million on the Southern Europe CGU and €264 million on the Eastern Europe CGU);
- ▶ €5,670 million relating to property, plant and equipment, and intangible assets (which consisted mainly of €3,765 million on thermal power plants in Germany, the Netherlands, Belgium, Luxemburg and France (CWE), and €1,013 million relating to power generation assets in Italy, with the balance against other thermal power generation assets in Europe.

These impairment losses are primarily attributable to tough economic conditions in Europe, which are durably affecting our midstream and downstream margins and the profitability of our power generation assets. While these assets were originally designed to be operated as minima as mid merit power plants, they are now increasingly used as backup capacities within the electricity system.

Impairment losses on the Infrastructures business line concern underground natural gas storage activities for a total of €1,250 million relating to goodwill, and storage facilities in France, Germany and the UK for €1,896 million.

These impairment losses reflect the durable decline in the profitability of the storage activities in the European market, which is notably due to the decrease of the seasonal spreads levels.

In recognizing these impairment losses, GDF SUEZ has acknowledged the major shift in Europe's energy sector, in which entire asset categories are moving towards new uses aimed at guaranteeing the electricity and gas supply.

At December 31, 2012, the Group had recognized impairment losses in an amount of €2,387 million, primarily relating to assets carried on the books of GDF SUEZ Energy Europe and GDF SUEZ Energy International.

Income/(loss) from operating activities was also affected by:

- ▶ changes in the fair value of commodity instruments that had a negative impact of €225 million on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting) compared with a positive impact of €105 million at December 31, 2012. This was mainly due to a negative price effect related to changes in the forward prices of the underlying commodities over the period, coupled with the negative impact of unwinding positions with a positive market value at December 31, 2012;
- ▶ restructuring costs of €288 million, compared with €263 million the previous year;
- ▶ "Changes in scope of consolidation" (gains and losses on the disposal of consolidated equity interests or on remeasurement of previously held interests in accordance with IFRS 3) which amounted to a negative €41 million at December 31, 2013, compared with €110 million at December 31, 2012;
- ▶ "Other non-recurring items" for a positive €536 million (mainly relating to the reversal of a provision for back-end of the nuclear fuel cycle in Belgium), compared with €161 million for the year ended December 31, 2012 (mainly corresponding to income relating to the reduction of a penalty within the scope of the "MEGAL" proceedings).

The Group reported a net financial income/(loss) of €1,754 million for the year ended December 31, 2013, compared with an expense of €2,341 million for the year ended December 31, 2012. This improvement was mainly the result of a positive interest rate impact

on net debt and the reversal of positive mark-to-market impacts at the end of 2013 which were significantly negative at end-2012 (chiefly as a result of the increase in the value of the embedded derivative in International Power convertible US bonds following movements in the share price in the wake of the Group's offer to buy the remaining 30% of its share capital).

The effective recurring tax rate was 1.4 points higher than in 2012, mainly as a result of:

- ▶ capping of the net deferred tax asset position in 2013 for certain tax consolidation groups in Europe;

- ▶ the 3% tax on dividends payout by French companies;

- ▶ offset by recognition in the first-half of 2012 of one-off deferred tax income, including €90 million on the Australian power generation business following changes in tax legislation.

Income from associates was €33 million higher than in the year ended December 31, 2012.

Net income attributable to non-controlling interests amounted to €152 million, down on the previous year, as a result of the acquisition of the 30% non-controlling interest in International Power and the impact of impairment losses.

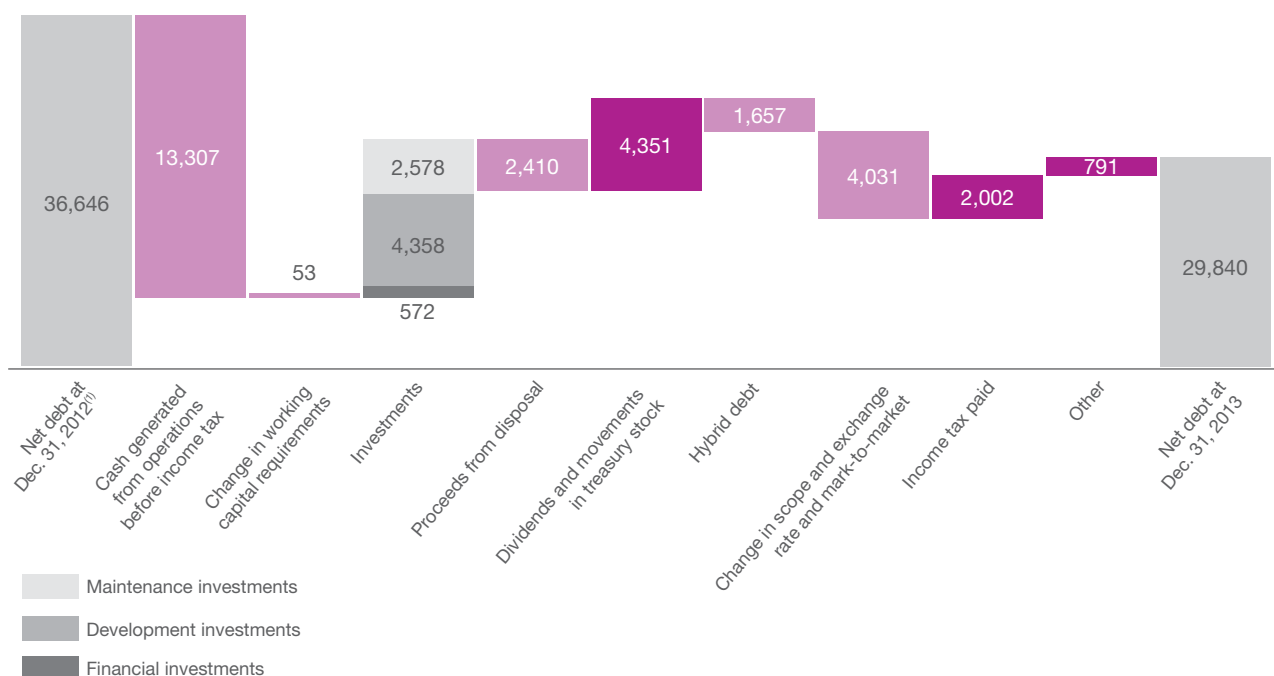
## I.4. CHANGES IN NET DEBT

Net debt, which stood at €29.8 billion at year-end 2013, was €6.8 billion lower than one year earlier and mainly reflected the following items: (i) cash generated from operations before income tax and working capital requirements of €13.3 billion less gross investments for the period of €7.5 billion; (ii) dividends of €3.5 billion paid to GDF SUEZ SA's shareholders; (iii) the cash received on the

issue of hybrid notes by GDF SUEZ in early July 2013 (€1.7 billion); (iv) the impact of disposals carried out as part of the asset portfolio optimization program, including the sale of SPP (Slovakia) and of 50% of the Portuguese energy businesses; and (v) the reclassification of certain French wind farms and the Group's stake in the Jirau dam as assets held for sale.

Changes in net debt break down as follows:

*Pro forma, in millions of euros*



(1) The difference between the reported debt of €43,914 million and the pro forma debt of €36,646 million corresponds to the impact of the change in the consolidation method for SUEZ Environnement.

The net debt to EBITDA ratio amounted to 2.22 at December 31, 2013. The ratio is calculated as follows:

*Pro forma, in millions of euros*

|                         | Dec. 31, 2013 | Dec. 31, 2012 |
|-------------------------|---------------|---------------|
| Net debt                | 29,840        | 36,646        |
| EBITDA                  | 13,419        | 14,600        |
| Net debt / EBITDA ratio | 2.22          | 2.51          |

## I.4.1 Cash generated from operations before income tax and working capital requirements

Cash generated from operations before income tax and working capital requirements amounted to €13,307 million for the year ended December 31, 2013, down €1,283 million compared with 2012 (€14,590 million).

This fall was in line with the EBITDA performance.

## I.4.2 Change in working capital requirements

Working capital requirements (€53 million) has marginally impacted the net debt.

## I.4.3 Net investments

Investments in 2013 amounted to €7,508 million and included:

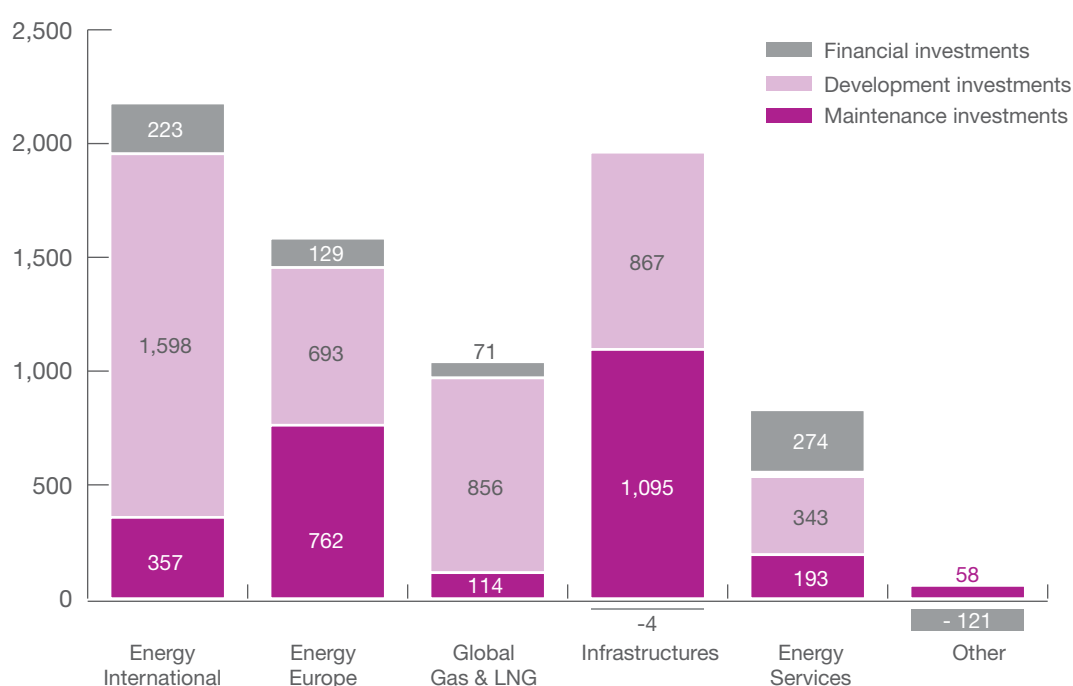
- financial investments of €572 million, mainly relating to acquisitions in the Energy Services business line (notably Balfour Beatty Workplace);
- development investments totaling €4,358 million. Most of this amount was invested by the Energy International business line in Brazil and by Exploration - Production (in the B3G business line);

- maintenance investments for an amount of €2,578 million.

Disposals amounted to €2,410 million and primarily involved the sale of SPP (Slovakia) for €1,115 million (disposal price less expenses and an outstanding balance payable in 2015) and of 50% of the Portuguese energy businesses sold for an amount of €321 million net of expenses.

Capital expenditure breaks down as follows by business line:

*Pro forma, in millions of euros*



## I.4.4 Share buybacks and dividends

Share buybacks and dividends in 2013 amounted to €4,351 million and included:

- ▶ €3,539 million paid by GDF SUEZ SA to its shareholders, consisting of (i) the outstanding balance on the 2012 dividend (i.e., €0.67 per share) paid in April 2013, and (ii) an interim dividend in respect of 2013 (i.e., €0.83 per share) paid in November 2013;

- ▶ the remaining sums correspond to dividends paid by various subsidiaries to non-controlling interests, withholding tax and share buybacks.

## I.4.5 Issuance of hybrid notes

On July 3, 2013, GDF SUEZ SA issued €1,657 million in deeply-subordinated perpetual (or hybrid) notes, which fulfill the definition of equity instruments under IFRS.

## I.4.6 Net debt at December 31, 2013

Excluding amortized cost but including the impact of foreign currency derivatives, at December 31, 2013, 67% of net debt was denominated in euros, 15% in US dollars and 5% in pounds sterling.

Including the impact of financial instruments, 81% of net debt is at fixed rates.

The average maturity for the Group's net debt is 9.4 years.

At December 31, 2013, the Group had total undrawn confirmed credit lines (which may be used as back up lines for commercial paper programs *inter alia*) of €13.5 billion.

## I.5. OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

| <i>Reported basis, in millions of euros</i> | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> | <b>Impact of equity-accounting for SUEZ Environnement</b> | <b>Net change</b> |
|---------------------------------------------|----------------------|----------------------|-----------------------------------------------------------|-------------------|
| <b>Non-current assets</b>                   | <b>106,775</b>       | <b>145,109</b>       | <b>(16,469)</b>                                           | <b>(21,865)</b>   |
| of which goodwill                           | 20,697               | 30,035               | (3,220)                                                   | (6,118)           |
| of which intangible assets and PP&E, net    | 72,323               | 99,617               | (12,468)                                                  | (14,827)          |
| of which investments in associates          | 4,636                | 2,961                | 1,400                                                     | 274               |
| <b>Current assets</b>                       | <b>52,836</b>        | <b>60,339</b>        | <b>(7,819)</b>                                            | <b>316</b>        |
| <b>Shareholders' equity</b>                 | <b>53,490</b>        | <b>71,303</b>        | <b>(4,676)</b>                                            | <b>(13,136)</b>   |
| Provisions                                  | 16,179               | 17,551               | (1,832)                                                   | 461               |
| Borrowings                                  | 39,914               | 57,209               | (10,113)                                                  | (7,182)           |
| Other liabilities                           | 50,027               | 59,385               | (7,666)                                                   | (1,691)           |

The following comments refer to the column entitled "Net change" in the above table. The impacts of accounting for SUEZ Environnement under the equity method are disclosed in Section I.7 of this report.

The carrying amount of **property, plant and equipment and intangible assets** amounted to €72.3 billion, a decrease of €14.8 billion compared to December 31, 2012. This decrease was primarily the result of impairment losses (negative €9.1 billion impact), depreciation and amortization (negative €5.9 billion impact), translation adjustments (negative €3.1 billion impact) and the negative €3.3 billion from reclassifying certain assets as held for sale, partly offset by the positive impact of investments for the period totaling €7.2 billion.

**Goodwill** decreased by €6.1 billion to €20.7 billion, including €5.8 billion relating to impairment losses recognized during the period.

**Investments in associates** amounted to €4.6 billion, up €0.3 billion, mainly attributable to Energy International (SAMEA).

**Total equity** amounted to €53.5 billion, down €13.1 billion compared to December 31, 2012, essentially reflecting the net loss for the period (negative €8.9 billion), the payment of cash dividends to GDF SUEZ SA's shareholders (negative €3.5 billion impact).

**Provisions** increased by €0.5 billion due to the combined impact of net additions for the period, unwinding discounts on certain provisions (positive €0.6 billion impact) and the release of surplus provisions (negative €0.6 billion impact).

## I.6. RECONCILIATION OF REPORTED INCOME TO PRO FORMA INCOME

| <i>In millions of euros</i>             | <b>Dec. 31, 2013<br/>(consolidated)</b> | <b>Dec. 31, 2012<br/>(consolidated)</b> | <b>Change – SUEZ<br/>Environnement <sup>(1)</sup></b> | <b>Change –<br/>pro forma <sup>(2)</sup></b> | <b>Change –<br/>pro forma (%) <sup>(3)</sup></b> |
|-----------------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------------------|----------------------------------------------|--------------------------------------------------|
| Revenues                                | 89,300                                  | 97,038                                  | (7,055)                                               | (682)                                        | -0.8%                                            |
| EBITDA                                  | 14,775                                  | 17,026                                  | (1,069)                                               | (1,181)                                      | -8.1%                                            |
| Current operating income                | 7,828                                   | 9,520                                   | (534)                                                 | (1,158)                                      | -13.8%                                           |
| Income/(loss) from operating activities | (6,695)                                 | 7,133                                   | 20                                                    | (13,848)                                     | -226.1%                                          |
| Net financial income/(loss)             | (1,977)                                 | (2,775)                                 | 211                                                   | 586                                          | -25.1%                                           |
| Income tax expense                      | (727)                                   | (2,049)                                 | 58                                                    | 1,264                                        | -67.1%                                           |
| Share in net income of associates       | 490                                     | 433                                     | 24                                                    | 33                                           | +6.9%                                            |
| <b>NET INCOME /(LOSS)</b>               | <b>(8,909)</b>                          | <b>2,743</b>                            | <b>313</b>                                            | <b>(11,965)</b>                              | <b>-502.8%</b>                                   |
| Of which non-controlling interests      | 380                                     | 1,199                                   | (136)                                                 | (684)                                        | -81.8%                                           |
| Of which net income/(loss) Group share  | (9,289)                                 | 1,544                                   | 448                                                   | (11,281)                                     | -730.8%                                          |

(1) The figures in this column were obtained from the difference between the reconciliation columns "Exclusion of SUEZ Environnement group contribution and presentation as an associate" and "Intra-group and others" of the 2013 and 2012 income statement (see Section I.7).

(2) The pro forma changes are obtained from the difference between the 2013 and 2012 income statements, adjusted for the impact of the SUEZ Environnement change.

(3) The pro forma percentage changes are obtained from the 2012 consolidated total, adjusted for the 2012 SUEZ Environnement change (see Section I.7).

Consolidated revenues for the year totaled €89.3 billion. The difference between this figure and 2012 revenues relates essentially to the loss of control of SUEZ Environnement. The residual pro forma change (negative 0.8%) is presented in Section I.1 of this report.

The consolidated versus pro forma negative changes in EBITDA and current operating income of €2.2 billion and €1.7 billion, respectively, are attributable to:

- the loss of control of SUEZ Environnement (as for revenues);

- the pro forma decrease of 8.1% and 13.8%, respectively, detailed in Section I.1.

The impact of the loss of control of SUEZ Environnement on "income/(loss) from operating activities", "net financial income/(loss)", "income tax expense" and "share in net income of associates" is non material.

Changes relating to other items of the pro forma income statement are detailed in Section I.3.

## 1.7. PRO FORMA FINANCIAL STATEMENTS INCLUDING THE SUEZ ENVIRONNEMENT COMPANY GROUP AS AN ASSOCIATE

The Group announced on December 5, 2012, in mutual agreement with the other members, its intention not to renew the shareholders' agreement in force in SUEZ Environnement Company, due to expire in July 2013.

In line with this announcement and given the various notices of termination received from the parties concerned, the Board of Directors' Meeting of January 22, 2013, confirmed that the SUEZ Environnement shareholders' agreement would not be renewed and would therefore expire on July 22, 2013 for all the parties concerned.

As a consequence of the end of the shareholders' agreement, GDF SUEZ ceased to exercise control over SUEZ Environnement Company on July 22, 2013 and accounted for this entity under the equity method as from this date (see Note 2.1).

In accordance with IAS 27 – *Consolidated and Separate Financial Statements*, the residual interest in SUEZ Environnement Company is recognized at fair value at the date control was relinquished.

Based on SUEZ Environnement Company's share price of €10.26 on July 22, 2013, the associate's carrying amount was €1,868 million and the net gain amounted to €448 million (presented under "Changes in scope of consolidation" in the consolidated income statement for the year ended December 31, 2013) (see Note 2.1).

The purchase price allocation for SUEZ Environnement Company's assets, liabilities and contingent liabilities had almost been completed by December 31, 2013, but marginal adjustments may still be made through June 30, 2014.

The Group has prepared pro forma financial statements for information purposes in the following tables showing SUEZ Environnement Company as an associate from January 1, 2012, excluding the revaluation gain.

By definition, the pro forma statement of financial position as at December 31, 2013 is similar to the published consolidated financial statement available in Section II.

### Income statement for the year ended December 31, 2013

| <i>In millions of euros</i>                                          | <b>Dec. 31, 2013</b> | <b>Exclusion of SUEZ Environnement contribution and presentation as equity-accounted associate</b> | <b>Intra-group and other</b> | <b>Pro forma GDF SUEZ: SUEZ Environnement as equity-accounted associate</b> |
|----------------------------------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------|
| Revenues                                                             | 89,300               | (8,031)                                                                                            | 9                            | 81,278                                                                      |
| Purchases                                                            | (51,216)             | 1,698                                                                                              | (4)                          | (49,523)                                                                    |
| Personnel costs                                                      | (11,704)             | 2,107                                                                                              | -                            | (9,597)                                                                     |
| Depreciation, amortization and provisions                            | (6,600)              | 548                                                                                                | -                            | (6,053)                                                                     |
| Other operating expenses                                             | (14,058)             | 3,251                                                                                              | (14)                         | (10,820)                                                                    |
| Other operating income                                               | 2,107                | (160)                                                                                              | 10                           | 1,956                                                                       |
| <b>CURRENT OPERATING INCOME</b>                                      | <b>7,828</b>         | <b>(588)</b>                                                                                       | <b>-</b>                     | <b>7,241</b>                                                                |
| Mark-to-market on commodity contracts other than trading instruments | (226)                | 1                                                                                                  | -                            | (225)                                                                       |
| Impairment losses                                                    | (14,943)             | (4)                                                                                                | -                            | (14,947)                                                                    |
| Restructuring costs                                                  | (305)                | 17                                                                                                 | -                            | (288)                                                                       |
| Changes in scope of consolidation <sup>(1)</sup>                     | 406                  | 2                                                                                                  | (448)                        | (41)                                                                        |
| Other non-recurring items                                            | 545                  | (10)                                                                                               | -                            | 536                                                                         |
| <b>INCOME/(LOSS) FROM OPERATING ACTIVITIES</b>                       | <b>(6,695)</b>       | <b>(581)</b>                                                                                       | <b>(448)</b>                 | <b>(7,724)</b>                                                              |
| Financial expenses                                                   | (2,487)              | 273                                                                                                | (3)                          | (2,217)                                                                     |
| Financial income                                                     | 510                  | (50)                                                                                               | 3                            | 463                                                                         |
| <b>NET FINANCIAL INCOME/(LOSS)</b>                                   | <b>(1,977)</b>       | <b>223</b>                                                                                         | <b>-</b>                     | <b>(1,754)</b>                                                              |
| Income tax expense                                                   | (727)                | 107                                                                                                | -                            | (620)                                                                       |
| Share in net income of associates                                    | 490                  | 23                                                                                                 | -                            | 513                                                                         |
| <b>NET INCOME/(LOSS)</b>                                             | <b>(8,909)</b>       | <b>(228)</b>                                                                                       | <b>(448)</b>                 | <b>(9,585)</b>                                                              |
| Net income/(loss) Group share                                        | (9,289)              | -                                                                                                  | (448)                        | (9,737)                                                                     |
| Non-controlling interests                                            | 380                  | (227)                                                                                              | -                            | 152                                                                         |
| <b>EBITDA</b>                                                        | <b>14,775</b>        | <b>(1,356)</b>                                                                                     | <b>-</b>                     | <b>13,419</b>                                                               |

(1) The €448 million impact reflects the net gain recorded in the consolidated accounts when SUEZ Environnement was first accounted for under the equity method.

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

## Statement of cash flows for the year ended December 31, 2013

| <i>In millions of euros</i>                                                                           | <b>Dec. 31, 2013</b> | <b>Exclusion of SUEZ<br/>Environnement<br/>contribution and<br/>presentation as<br/>equity-accounted<br/>associate</b> | <b>Intra-group<br/>and other</b> | <b>Pro forma<br/>GDF SUEZ: SUEZ<br/>Environnement as<br/>equity-accounted<br/>associate</b> |
|-------------------------------------------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------|
| <b>NET INCOME/(LOSS)</b>                                                                              | <b>(8,909)</b>       | <b>(227)</b>                                                                                                           | <b>(448)</b>                     | <b>(9,585)</b>                                                                              |
| - Share in net income of associates                                                                   | (490)                | (23)                                                                                                                   | -                                | (513)                                                                                       |
| + Dividends received from associates                                                                  | 280                  | 99                                                                                                                     | -                                | 379                                                                                         |
| - Net depreciation, amortization, impairment and provisions                                           | 20,889               | (516)                                                                                                                  | -                                | 20,373                                                                                      |
| - Impact of changes in scope of consolidation and other non-recurring items                           | (481)                | 8                                                                                                                      | 448                              | (25)                                                                                        |
| - Mark-to-market on commodity contracts other than trading instruments                                | 226                  | (1)                                                                                                                    | -                                | 225                                                                                         |
| - Other items with no cash impact                                                                     | 93                   | (14)                                                                                                                   | -                                | 79                                                                                          |
| - Income tax expense                                                                                  | 727                  | (107)                                                                                                                  | -                                | 620                                                                                         |
| - Net financial expense                                                                               | 1,977                | (223)                                                                                                                  | -                                | 1,754                                                                                       |
| <b>Cash generated from operations before income tax and working capital requirements</b>              | <b>14,313</b>        | <b>(1,006)</b>                                                                                                         | <b>-</b>                         | <b>13,307</b>                                                                               |
| + Tax paid                                                                                            | (2,103)              | 101                                                                                                                    | -                                | (2,002)                                                                                     |
| <b>Change in working capital requirements</b>                                                         | <b>(186)</b>         | <b>238</b>                                                                                                             | <b>-</b>                         | <b>53</b>                                                                                   |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                                            | <b>12,024</b>        | <b>(667)</b>                                                                                                           | <b>-</b>                         | <b>11,357</b>                                                                               |
| Acquisitions of property, plant and equipment and intangible assets                                   | (7,529)              | 594                                                                                                                    | -                                | (6,936)                                                                                     |
| Acquisitions of controlling interest in entities, net of cash and cash equivalents acquired           | (363)                | 13                                                                                                                     | -                                | (350)                                                                                       |
| Acquisitions of investments in associates and joint ventures                                          | (166)                | 4                                                                                                                      | (1)                              | (162)                                                                                       |
| Acquisitions of available-for-sale securities                                                         | (143)                | 14                                                                                                                     | -                                | (128)                                                                                       |
| Disposals of property, plant and equipment, and intangible assets                                     | 280                  | (24)                                                                                                                   | -                                | 256                                                                                         |
| Loss of controlling interest in entities, net of cash and cash equivalents sold                       | 496                  | (21)                                                                                                                   | 1                                | 477                                                                                         |
| Disposals of investments in associates and joint ventures                                             | 1,441                | (7)                                                                                                                    | -                                | 1,434                                                                                       |
| Disposals of available-for-sale securities                                                            | 174                  | (1)                                                                                                                    | -                                | 173                                                                                         |
| Interest received on non-current financial assets                                                     | 67                   | 3                                                                                                                      | 3                                | 73                                                                                          |
| Dividends received on non-current financial assets                                                    | 137                  | (18)                                                                                                                   | -                                | 120                                                                                         |
| Change in loans and receivables originated by the Group and other                                     | (6)                  | 41                                                                                                                     | 143                              | 178                                                                                         |
| <b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>                                                  | <b>(5,611)</b>       | <b>599</b>                                                                                                             | <b>147</b>                       | <b>(4,865)</b>                                                                              |
| Dividends paid                                                                                        | (4,694)              | 348                                                                                                                    | -                                | (4,346)                                                                                     |
| Repayment of borrowings and debt                                                                      | (5,869)              | 519                                                                                                                    | -                                | (5,350)                                                                                     |
| Change in financial assets at fair value through income                                               | (437)                | 28                                                                                                                     | -                                | (408)                                                                                       |
| Interest paid                                                                                         | (1,494)              | 230                                                                                                                    | (3)                              | (1,267)                                                                                     |
| Interest received on cash and cash equivalents                                                        | 117                  | (25)                                                                                                                   | -                                | 92                                                                                          |
| Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives | (184)                | (10)                                                                                                                   | -                                | (195)                                                                                       |
| Increase in borrowings                                                                                | 3,617                | (959)                                                                                                                  | (142)                            | 2,517                                                                                       |
| Increase/decrease in capital                                                                          | 2,037                | (2)                                                                                                                    | -                                | 2,035                                                                                       |
| Purchase and/or sale of treasury stock                                                                | (5)                  | -                                                                                                                      | -                                | (5)                                                                                         |
| Changes of ownership interest in controlled entities                                                  | (71)                 | 12                                                                                                                     | -                                | (59)                                                                                        |
| <b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>                                                  | <b>(6,982)</b>       | <b>141</b>                                                                                                             | <b>(145)</b>                     | <b>(6,986)</b>                                                                              |
| Effects of changes in exchange rates and other                                                        | (2,123)              | 2,160                                                                                                                  | (2)                              | 35                                                                                          |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>                                                                 | <b>(2,691)</b>       | <b>2,233</b>                                                                                                           | <b>-</b>                         | <b>(458)</b>                                                                                |
| <b>CASH AND CASH EQUIVALENTS<br/>AT BEGINNING OF PERIOD</b>                                           | <b>11,383</b>        | <b>(2,233)</b>                                                                                                         | <b>-</b>                         | <b>9,150</b>                                                                                |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                                     | <b>8,691</b>         | <b>-</b>                                                                                                               | <b>-</b>                         | <b>8,691</b>                                                                                |

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

**Income statement for the year ended December 31, 2012**

| <i>In millions of euros</i>                                             | <b>Dec. 31, 2012 <sup>(1)</sup></b> | <b>Exclusion of SUEZ<br/>Environnement<br/>contribution and<br/>presentation as<br/>equity-accounted<br/>associate</b> | <b>Intra-group and<br/>other</b> | <b>Pro forma<br/>GDF SUEZ: SUEZ<br/>Environnement as<br/>equity-accounted<br/>associate</b> |
|-------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------|
| Revenues                                                                | 97,038                              | (15,093)                                                                                                               | 15                               | 81,960                                                                                      |
| Purchases                                                               | (52,177)                            | 3,481                                                                                                                  | (9)                              | (48,704)                                                                                    |
| Personnel costs                                                         | (13,234)                            | 3,767                                                                                                                  | -                                | (9,467)                                                                                     |
| Depreciation, amortization and provisions                               | (7,113)                             | 1,036                                                                                                                  | -                                | (6,077)                                                                                     |
| Other operating expenses                                                | (17,188)                            | 5,925                                                                                                                  | (24)                             | (11,288)                                                                                    |
| Other operating income                                                  | 2,194                               | (238)                                                                                                                  | 18                               | 1,974                                                                                       |
| <b>CURRENT OPERATING INCOME</b>                                         | <b>9,520</b>                        | <b>(1,121)</b>                                                                                                         | <b>-</b>                         | <b>8,399</b>                                                                                |
| Mark-to-market on commodity contracts<br>other than trading instruments | 109                                 | (4)                                                                                                                    | -                                | 105                                                                                         |
| Impairment losses                                                       | (2,474)                             | 87                                                                                                                     | -                                | (2,387)                                                                                     |
| Restructuring costs                                                     | (342)                               | 78                                                                                                                     | -                                | (263)                                                                                       |
| Changes in scope of consolidation                                       | 155                                 | (45)                                                                                                                   | -                                | 110                                                                                         |
| Other non-recurring items                                               | 165                                 | (4)                                                                                                                    | -                                | 161                                                                                         |
| <b>INCOME FROM OPERATING ACTIVITIES</b>                                 | <b>7,133</b>                        | <b>(1,009)</b>                                                                                                         | <b>-</b>                         | <b>6,124</b>                                                                                |
| Financial expenses                                                      | (3,433)                             | 526                                                                                                                    | (7)                              | (2,914)                                                                                     |
| Financial income                                                        | 658                                 | (92)                                                                                                                   | 7                                | 573                                                                                         |
| <b>NET FINANCIAL INCOME/(LOSS)</b>                                      | <b>(2,775)</b>                      | <b>434</b>                                                                                                             | <b>-</b>                         | <b>(2,341)</b>                                                                              |
| Income tax expense                                                      | (2,049)                             | 165                                                                                                                    | -                                | (1,884)                                                                                     |
| Share in net income of associates                                       | 433                                 | 47                                                                                                                     | -                                | 480                                                                                         |
| <b>NET INCOME</b>                                                       | <b>2,743</b>                        | <b>(363)</b>                                                                                                           | <b>-</b>                         | <b>2,380</b>                                                                                |
| Net income Group share                                                  | 1,544                               | -                                                                                                                      | -                                | 1,544                                                                                       |
| Non-controlling interests                                               | 1,199                               | (364)                                                                                                                  | -                                | 836                                                                                         |
| <b>EBITDA</b>                                                           | <b>17,026</b>                       | <b>(2,426)</b>                                                                                                         | <b>-</b>                         | <b>14,600</b>                                                                               |

(1) Comparative data for 2012 have been restated to reflect the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

## Statement of cash flows for the year ended December 31, 2012

| <i>In millions of euros</i>                                                                           | <b>Dec. 31, 2012 <sup>(1)</sup></b> | <b>Exclusion of SUEZ<br/>Environnement<br/>contribution and<br/>presentation as<br/>equity-accounted<br/>associate</b> | <b>Intra-group<br/>and other</b> | <b>Pro forma<br/>GDF SUEZ: SUEZ<br/>Environnement as<br/>equity-accounted<br/>associate</b> |
|-------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------|
| <b>NET INCOME</b>                                                                                     | <b>2,743</b>                        | <b>(363)</b>                                                                                                           | <b>-</b>                         | <b>2,380</b>                                                                                |
| - Share in net income of associates                                                                   | (433)                               | (47)                                                                                                                   | -                                | (480)                                                                                       |
| + Dividends received from associates                                                                  | 315                                 | 79                                                                                                                     | -                                | 394                                                                                         |
| - Net depreciation, amortization, impairment and provisions                                           | 9,246                               | (1,121)                                                                                                                | -                                | 8,125                                                                                       |
| - Impact of changes in scope of consolidation and other non-recurring items                           | (87)                                | 50                                                                                                                     | -                                | (37)                                                                                        |
| - Mark-to-market on commodity contracts other than trading instruments                                | (109)                               | 4                                                                                                                      | -                                | (105)                                                                                       |
| - Other items with no cash impact                                                                     | 114                                 | (24)                                                                                                                   | -                                | 90                                                                                          |
| - Income tax expense                                                                                  | 2,049                               | (165)                                                                                                                  | -                                | 1,884                                                                                       |
| - Net financial expense                                                                               | 2,775                               | (434)                                                                                                                  | -                                | 2,341                                                                                       |
| <b>Cash generated from operations before income tax and working capital requirements</b>              | <b>16,612</b>                       | <b>(2,022)</b>                                                                                                         | <b>-</b>                         | <b>14,591</b>                                                                               |
| + Tax paid                                                                                            | (2,010)                             | 113                                                                                                                    | -                                | (1,898)                                                                                     |
| <b>Change in working capital requirements</b>                                                         | <b>(995)</b>                        | <b>(330)</b>                                                                                                           | <b>-</b>                         | <b>(1,325)</b>                                                                              |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                                            | <b>13,607</b>                       | <b>(2,239)</b>                                                                                                         | <b>-</b>                         | <b>11,368</b>                                                                               |
| Acquisitions of property, plant and equipment and intangible assets                                   | (9,177)                             | 1,222                                                                                                                  | -                                | (7,955)                                                                                     |
| Acquisitions of controlling interest in entities, net of cash and cash equivalents acquired           | (103)                               | 5                                                                                                                      | -                                | (98)                                                                                        |
| Acquisitions of investments in associates and joint ventures                                          | (306)                               | 65                                                                                                                     | -                                | (241)                                                                                       |
| Acquisitions of available-for-sale securities                                                         | (142)                               | 21                                                                                                                     | -                                | (121)                                                                                       |
| Disposals of property, plant and equipment, and intangible assets                                     | 185                                 | (35)                                                                                                                   | -                                | 151                                                                                         |
| Loss of controlling interest in entities, net of cash and cash equivalents sold                       | 537                                 | (74)                                                                                                                   | -                                | 462                                                                                         |
| Disposals of investments in associates and joint ventures                                             | 300                                 | (3)                                                                                                                    | -                                | 297                                                                                         |
| Disposals of available-for-sale securities                                                            | 93                                  | (32)                                                                                                                   | -                                | 61                                                                                          |
| Interest received on non-current financial assets                                                     | 54                                  | (1)                                                                                                                    | 7                                | 60                                                                                          |
| Dividends received on non-current financial assets                                                    | 129                                 | (19)                                                                                                                   | -                                | 110                                                                                         |
| Change in loans and receivables originated by the Group and other                                     | (21)                                | 147                                                                                                                    | 6                                | 132                                                                                         |
| <b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>                                                  | <b>(8,451)</b>                      | <b>1,296</b>                                                                                                           | <b>13</b>                        | <b>(7,142)</b>                                                                              |
| Dividends paid                                                                                        | (2,117)                             | 483                                                                                                                    | -                                | (1,634)                                                                                     |
| Repayment of borrowings and debt                                                                      | (7,558)                             | 1,485                                                                                                                  | -                                | (6,073)                                                                                     |
| Change in financial assets at fair value through income                                               | 2,473                               | 9                                                                                                                      | -                                | 2,482                                                                                       |
| Interest paid                                                                                         | (1,915)                             | 417                                                                                                                    | (7)                              | (1,504)                                                                                     |
| Interest received on cash and cash equivalents                                                        | 185                                 | (45)                                                                                                                   | -                                | 139                                                                                         |
| Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives | (721)                               | 68                                                                                                                     | -                                | (653)                                                                                       |
| Increase in borrowings                                                                                | 11,587                              | (1,146)                                                                                                                | (6)                              | 10,435                                                                                      |
| Increase/decrease in capital                                                                          | 229                                 | -                                                                                                                      | -                                | 229                                                                                         |
| Purchase and/or sale of treasury stock                                                                | (358)                               | -                                                                                                                      | -                                | (358)                                                                                       |
| Changes of ownership interest in controlled entities                                                  | (10,125)                            | (21)                                                                                                                   | -                                | (10,147)                                                                                    |
| <b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>                                                  | <b>(8,321)</b>                      | <b>1,250</b>                                                                                                           | <b>(13)</b>                      | <b>(7,085)</b>                                                                              |
| Effects of changes in exchange rates and other                                                        | (126)                               | (2,541)                                                                                                                | -                                | (2,667)                                                                                     |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>                                                                 | <b>(3,293)</b>                      | <b>(2,233)</b>                                                                                                         | <b>-</b>                         | <b>(5,526)</b>                                                                              |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                                               | <b>14,675</b>                       | <b>-</b>                                                                                                               | <b>-</b>                         | <b>14,675</b>                                                                               |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                                     | <b>11,383</b>                       | <b>(2,233)</b>                                                                                                         | <b>-</b>                         | <b>9,150</b>                                                                                |

(1) Comparative data for 2012 have been restated to reflect the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

## I.8. 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 €28,608 million in 2013, up 2.5% on 2012 due mainly to more favorable weather conditions.

The Company posted a net operating loss of €676 million versus a net operating loss of €267 million in 2012, chiefly reflecting net additions to provisions for certain loss-making contracts.

The Company reported net financial income of €1,054 million, compared with net financial income of €749 million one year earlier. This mainly includes dividends received from subsidiaries for €1,778 million compared to €1,734 million in 2012, the cost of debt which remained stable at €843 million, and reversals of provisions for interest rate risk for €167 million following the mark-to-market of derivative instruments not qualifying for hedge accounting.

Non-recurring items included €483 million in non-recurring expenses, chiefly comprising impairment losses on securities, net of reversals (expense of €254 million), early-redemption penalties on bonds (expense of €165 million) and debt waivers (expense of €60 million), partially offset by net reversals of accelerated depreciation and amortization (income of €112 million).

The income tax amounts to €768 million compared to €542 million by the end of 2012. These two amounts include a tax integration result of €441 million and €381 million in respectively 2013 and 2012.

Net income for the year came out at €663 million.

Shareholders' equity amounted to €43,984 million at end-2013, versus €46,976 million at December 31, 2012, reflecting the dividend payout, partially offset by net income for the period.

At December 31, 2013, net debt (including irredeemable and non-voting securities) came out at €27,453 million. At the same date, cash and cash equivalents totaled €6,320 million.

### 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 demonstrate 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:

| <i>In millions of euros</i> | Dec. 31, 2013 |             |            | Dec. 31, 2012 |             |            |
|-----------------------------|---------------|-------------|------------|---------------|-------------|------------|
|                             | External      | Intra-group | Total      | External      | Intra-group | Total      |
| Past due                    | 114           | 142         | 256        | 2             | 43          | 45         |
| 30 days                     | 40            | 614         | 654        | 476           | 27          | 503        |
| 45 days                     | 6             | 15          | 21         | 17            | 8           | 25         |
| More than 45 days           | -             | 17          | 17         | 3             | -           | 3          |
| <b>TOTAL</b>                | <b>160</b>    | <b>788</b>  | <b>948</b> | <b>498</b>    | <b>78</b>   | <b>576</b> |



## I.9. OUTLOOK

### Acceleration of the industrial strategy of the Group

GDF SUEZ wishes to pursue and to accelerate the implementation of its industrial strategy, with two clear objectives:

- ▶ **To be the benchmark energy player in fast growing markets:**
  - by leveraging on strong positions in the independent power production and in LNG, and by strengthening these positions;
  - by building integrated positions all along the gas value chain, including infrastructures;
  - by developing energy services activities internationally;

and

- ▶ **To be leader in the energy transition in Europe:**
  - in renewable energies, thermal and electric, centralized and distributed;
  - by offering energy efficiency services to its clients;
  - by developing new businesses (biogas, smart energy and digitalization...).

GDF SUEZ pursues in all its businesses ambitious industrial objectives:

- ▶ At the end of 2013, the Group had **15 GW<sup>(1)</sup> of projects under construction or under advanced development**, of which close to 90% in fast growing markets.
- ▶ In natural gas, the Group targets a production of **59-63 million barrels oil equivalent (mboe) by 2016** vs 52 mboe in 2013 and seeks to develop its LNG supply portfolio from 16 million tons per annum (mtpa) to **20 mtpa by 2020**.
- ▶ In energy services, GDF SUEZ pursues the ambitious targets to **increase revenues from energy efficiency by 40% between 2013 and 2018** and to double sales outside Europe by 2019.

Finally, GDF SUEZ objective is to prepare the future by reinforcing innovation and research and by positioning itself on new businesses (biogas, retail LNG, demand management, digitalization...). It has therefore set up a dedicated new entity **"Innovation and new business"** in order to stimulate innovation within the Group and to capture new growth drivers.

### 2014 financial targets increased

For 2014, the Group increases its financial objectives<sup>(2)</sup>:

- ▶ **Net recurring income, Group share<sup>(3)</sup>** between €3.3 and €3.7 billion, assuming average weather conditions and stable regulation.
- ▶ **Net capex<sup>(4)</sup>** between €6 and 8 billion
- ▶ **Net debt/Ebitda ratio** below or equal to 2.5x and an "A" category credit rating.

In light of the fact that the objective to reduce net debt below €30 billion by end 2014 has already been reached, the Group has decided:

- ▶ to revise the €11 billion objective for its portfolio optimization program of which €5 billion has already been achieved in 2013;
- ▶ that asset disposals will now be used to fund additional growth capex.

### Enhanced targets for *Perform 2015* performance plan

Given the progress made in 2013 on *Perform 2015* and the continued depressed economic conditions, GDF SUEZ has decided to accelerate the plan's implementation and to add €800 million to its gross cumulated objectives for end 2015. The 2015 cumulated objective on the net recurring income Group share has been raised to €0.9 billion.

### New dividend policy

At the Shareholders' General Meeting on April 28, 2014, the Board will propose to shareholders a stable dividend, payable in cash, of €1.5 per share for the fiscal year 2013.

For the period 2014-2016, the Group commits to a dividend policy based on a payout ratio of 65-75%<sup>(5)</sup> with a minimum of €1 per share, payable in cash and with an interim payment.

At the occasion of the Shareholders' General Meeting on April 28, 2014, the Board will also propose to shareholders a 10% loyalty dividend for shares in registered form for more than two years. This measure will be applicable for the first time to the dividend payment related to fiscal year 2016 and will be capped to 0.5% of social capital for a single shareholder.

(1) At 100%.

(2) These targets assume average weather conditions, no substantial regulatory or macro-economic changes, commodity price assumptions based on market conditions as of the end of December 2013 for the non-hedged portion of production, and average foreign exchange rates for 2014 as follows: €/ \$1.38, €/BRL3.38.

(3) Net result Excluding restructuring costs, MtM, impairments, disposals, other non-recurring items and associated tax impact and nuclear contribution in Belgium.

(4) Net Capex = gross Capex – disposals; (cash and net debt impact).

(5) Based on net recurring result Group share.

### Enhanced social and environmental targets

GDF SUEZ is also well on the way to achieving its **extra financial targets** by 2015, with its training target already met with 69% of employees trained in 2013:

- ▶ CO<sub>2</sub> specific emissions: a 10% decrease in the emission rate between 2012 and 2020;
- ▶ renewable energy: a 50% increase in installed capacity compared with 2009;
- ▶ health and safety: achieve an accident frequency rate below 4;
- ▶ biodiversity: implementation of an action plan for each sensitive site within the European Union;

- ▶ diversity: 25% of women in managerial staff;
- ▶ annual training of at least two-thirds of Group employees;
- ▶ employee shareholding: 3% of the Group's capital held by Group employees.

In France, GDF SUEZ is one of the largest employers with 74,000 employees. Worldwide, GDF SUEZ is present in more than 70 countries and employs close to 150,000 collaborators; it expects to recruit 15,000 people per year worldwide of which 9,000 per year in France over 2014-2015 period.



# Consolidated financial statements

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# INCOME STATEMENT

| <i>In millions of euros</i>                                          | Notes    | Dec. 31, 2013  | Dec. 31, 2012 <sup>(1)</sup> |
|----------------------------------------------------------------------|----------|----------------|------------------------------|
| Revenues                                                             | 4        | 89,300         | 97,038                       |
| Purchases                                                            |          | (51,216)       | (52,177)                     |
| Personnel costs                                                      | 4        | (11,704)       | (13,234)                     |
| Depreciation, amortization and provisions                            | 4        | (6,600)        | (7,113)                      |
| Other operating expenses                                             |          | (14,058)       | (17,188)                     |
| Other operating income                                               |          | 2,107          | 2,194                        |
| <b>CURRENT OPERATING INCOME</b>                                      |          | <b>7,828</b>   | <b>9,520</b>                 |
| Mark-to-market on commodity contracts other than trading instruments |          | (226)          | 109                          |
| Impairment losses                                                    |          | (14,943)       | (2,474)                      |
| Restructuring costs                                                  |          | (305)          | (342)                        |
| Changes in scope of consolidation                                    |          | 406            | 155                          |
| Other non-recurring items                                            |          | 545            | 165                          |
| <b>INCOME/(LOSS) FROM OPERATING ACTIVITIES</b>                       | <b>5</b> | <b>(6,695)</b> | <b>7,133</b>                 |
| Financial expenses                                                   |          | (2,487)        | (3,433)                      |
| Financial income                                                     |          | 510            | 658                          |
| <b>NET FINANCIAL INCOME/(LOSS)</b>                                   | <b>6</b> | <b>(1,977)</b> | <b>(2,775)</b>               |
| Income tax expense                                                   | 7        | (727)          | (2,049)                      |
| Share in net income of associates                                    | 13       | 490            | 433                          |
| <b>NET INCOME/(LOSS)</b>                                             |          | <b>(8,909)</b> | <b>2,743</b>                 |
| Net income/(loss) Group share                                        |          | (9,289)        | 1,544                        |
| Non-controlling interests                                            |          | 380            | 1,199                        |
| <b>BASIC EARNINGS PER SHARE (EUROS)</b>                              | <b>9</b> | <b>(3.94)</b>  | <b>0.68</b>                  |
| <b>DILUTED EARNINGS PER SHARE (EUROS)</b>                            | <b>9</b> | <b>(3.91)</b>  | <b>0.67</b>                  |

(1) Comparative data for 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



## STATEMENT OF COMPREHENSIVE INCOME

| <i>In millions of euros</i>                                                             | Notes | Dec. 31, 2013   | Dec. 31, 2013<br>Owners<br>of the parent | Dec. 31, 2013<br>Non-<br>controlling<br>interests | Dec. 31,<br>2012 <sup>(1)</sup> | Dec. 31, 2012<br>Owners<br>of the parent <sup>(1)</sup> | Dec. 31, 2012<br>Non-<br>controlling<br>interests <sup>(1)</sup> |
|-----------------------------------------------------------------------------------------|-------|-----------------|------------------------------------------|---------------------------------------------------|---------------------------------|---------------------------------------------------------|------------------------------------------------------------------|
| <b>NET INCOME/(LOSS)</b>                                                                |       | <b>(8,909)</b>  | <b>(9,289)</b>                           | <b>380</b>                                        | <b>2,743</b>                    | <b>1,544</b>                                            | <b>1,199</b>                                                     |
| Available-for-sale financial assets                                                     | 15    | (51)            | (45)                                     | (6)                                               | 309                             | 273                                                     | 36                                                               |
| Net investment hedges                                                                   |       | 375             | 327                                      | 48                                                | (76)                            | (66)                                                    | (10)                                                             |
| Cash flow hedges (excl. commodity instruments)                                          | 16    | 537             | 450                                      | 87                                                | (304)                           | (326)                                                   | 22                                                               |
| Commodity cash flow hedges                                                              | 16    | (261)           | (255)                                    | (6)                                               | (445)                           | (469)                                                   | 25                                                               |
| Deferred tax on items above                                                             | 7     | (212)           | (181)                                    | (31)                                              | 276                             | 272                                                     | 4                                                                |
| Share of associates in recyclable items, net of tax                                     |       | 128             | 95                                       | 33                                                | (28)                            | (8)                                                     | (20)                                                             |
| Translation adjustments                                                                 |       | (2,043)         | (1,591)                                  | (451)                                             | (372)                           | (452)                                                   | 80                                                               |
| <b>TOTAL RECYCLABLE ITEMS</b>                                                           |       | <b>(1,527)</b>  | <b>(1,201)</b>                           | <b>(326)</b>                                      | <b>(640)</b>                    | <b>(777)</b>                                            | <b>137</b>                                                       |
| Actuarial gains and losses                                                              |       | 633             | 598                                      | 35                                                | (661)                           | (567)                                                   | (94)                                                             |
| Deferred tax on actuarial gains and losses                                              | 7     | (200)           | (189)                                    | (11)                                              | 222                             | 196                                                     | 26                                                               |
| Share of associates of non-recyclable items from actuarial gains and losses, net of tax |       | (12)            | (12)                                     | -                                                 | (1)                             | -                                                       | (1)                                                              |
| <b>TOTAL NON-RECYCLABLE ITEMS</b>                                                       |       | <b>420</b>      | <b>397</b>                               | <b>24</b>                                         | <b>(440)</b>                    | <b>(371)</b>                                            | <b>(68)</b>                                                      |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                                       |       | <b>(10,016)</b> | <b>(10,093)</b>                          | <b>77</b>                                         | <b>1,664</b>                    | <b>396</b>                                              | <b>1,268</b>                                                     |

(1) Comparative data for 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



## STATEMENT OF FINANCIAL POSITION

## ASSETS

| <i>In millions of euros</i>                   | Notes | Dec. 31, 2013  | Dec. 31, 2012 <sup>(1)</sup> |
|-----------------------------------------------|-------|----------------|------------------------------|
| <b>Non-current assets</b>                     |       |                |                              |
| Intangible assets, net                        | 11    | 7,286          | 13,020                       |
| Goodwill                                      | 10    | 20,697         | 30,035                       |
| Property, plant and equipment, net            | 12    | 65,037         | 86,597                       |
| Available-for-sale securities                 | 15    | 3,015          | 3,398                        |
| Loans and receivables at amortized cost       | 15    | 2,368          | 3,541                        |
| Derivative instruments                        | 15    | 2,351          | 3,108                        |
| Investments in associates                     | 13    | 4,636          | 2,961                        |
| Other non-current assets                      | 27    | 723            | 962                          |
| Deferred tax assets                           | 7     | 662            | 1,487                        |
| <b>TOTAL NON-CURRENT ASSETS</b>               |       | <b>106,775</b> | <b>145,109</b>               |
| <b>Current assets</b>                         |       |                |                              |
| Loans and receivables at amortized cost       | 15    | 1,078          | 1,630                        |
| Derivative instruments                        | 15    | 3,825          | 4,280                        |
| Trade and other receivables, net              | 15    | 21,318         | 25,034                       |
| Inventories                                   | 27    | 5,070          | 5,423                        |
| Other current assets                          | 27    | 8,229          | 9,012                        |
| Financial assets at fair value through income | 15    | 1,004          | 432                          |
| Cash and cash equivalents                     | 15    | 8,691          | 11,383                       |
| Assets classified as held for sale            | 2     | 3,620          | 3,145                        |
| <b>TOTAL CURRENT ASSETS</b>                   |       | <b>52,836</b>  | <b>60,339</b>                |
| <b>TOTAL ASSETS</b>                           |       | <b>159,611</b> | <b>205,448</b>               |

(1) Comparative data for 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



## LIABILITIES

| <i>In millions of euros</i>                                             | Notes     | Dec. 31, 2013  | Dec. 31, 2012 <sup>(1)</sup> |
|-------------------------------------------------------------------------|-----------|----------------|------------------------------|
| Shareholder's equity                                                    |           | 47,955         | 59,834                       |
| Non-controlling interests                                               |           | 5,535          | 11,468                       |
| <b>TOTAL EQUITY</b>                                                     | <b>17</b> | <b>53,490</b>  | <b>71,303</b>                |
| <b>Non-current liabilities</b>                                          |           |                |                              |
| Provisions                                                              | 18        | 14,129         | 15,480                       |
| Long-term borrowings                                                    | 15        | 29,424         | 45,247                       |
| Derivative instruments                                                  | 15        | 2,101          | 2,751                        |
| Other financial liabilities                                             | 15        | 158            | 343                          |
| Other liabilities                                                       | 27        | 1,187          | 2,063                        |
| Deferred tax liabilities                                                | 7         | 9,792          | 11,959                       |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                    |           | <b>56,792</b>  | <b>77,843</b>                |
| <b>Current liabilities</b>                                              |           |                |                              |
| Provisions                                                              | 18        | 2,050          | 2,071                        |
| Long-term borrowings                                                    | 15        | 10,490         | 11,962                       |
| Derivative instruments                                                  | 15        | 4,062          | 4,092                        |
| Trade and other payables                                                | 15        | 16,599         | 19,481                       |
| Other liabilities                                                       | 27        | 13,606         | 16,820                       |
| Liabilities directly associated with assets classified as held for sale | 2         | 2,521          | 1,875                        |
| <b>TOTAL CURRENT LIABILITIES</b>                                        |           | <b>49,329</b>  | <b>56,302</b>                |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |           | <b>159,611</b> | <b>205,448</b>               |

(1) Comparative data for 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



## STATEMENT OF CHANGES IN EQUITY

| <i>In millions of euros</i>                                                        | Number<br>of shares  | Share<br>capital | Additional<br>paid-in<br>capital | Consolidated<br>reserves | Changes<br>in fair<br>value<br>and other | Translation<br>adjustments | Treasury<br>stock | Shareholder's<br>equity | Non-<br>controlling<br>interests | Total         |
|------------------------------------------------------------------------------------|----------------------|------------------|----------------------------------|--------------------------|------------------------------------------|----------------------------|-------------------|-------------------------|----------------------------------|---------------|
| <b>EQUITY AT<br/>DECEMBER 31, 2011</b>                                             | <b>2,252,636,208</b> | <b>2,253</b>     | <b>29,716</b>                    | <b>31,205</b>            | <b>240</b>                               | <b>447</b>                 | <b>(930)</b>      | <b>62,931</b>           | <b>17,340</b>                    | <b>80,270</b> |
| Impact of IAS 19 Revised<br>(see Note 1.1.1)                                       |                      |                  |                                  | 78                       |                                          |                            |                   | 78                      | 6                                | 84            |
| <b>EQUITY AT<br/>JANUARY 1, 2012 <sup>(1)</sup></b>                                | <b>2,252,636,208</b> | <b>2,253</b>     | <b>29,716</b>                    | <b>31,283</b>            | <b>240</b>                               | <b>447</b>                 | <b>(930)</b>      | <b>63,009</b>           | <b>17,346</b>                    | <b>80,354</b> |
| Net income <sup>(1)</sup>                                                          |                      |                  |                                  | 1,544                    |                                          |                            |                   | 1,544                   | 1,199                            | 2,743         |
| Other comprehensive<br>income <sup>(1)</sup>                                       |                      |                  |                                  | (371)                    | (325)                                    | (452)                      |                   | (1,148)                 | 68                               | (1,080)       |
| <b>TOTAL COMPREHENSIVE<br/>INCOME <sup>(1)</sup></b>                               |                      |                  |                                  | <b>1,174</b>             | <b>(325)</b>                             | <b>(452)</b>               | <b>-</b>          | <b>396</b>              | <b>1,268</b>                     | <b>1,664</b>  |
| Employee share issues and<br>share-based payment                                   | 4,604,700            | 5                | 68                               | 102                      |                                          |                            |                   | 175                     | 8                                | 183           |
| Dividends paid in shares                                                           | 155,583,181          | 156              | 2,438                            | (2,593)                  |                                          |                            |                   | -                       |                                  | -             |
| Dividends paid in cash (see<br>Note 17)                                            |                      |                  |                                  | (767)                    |                                          |                            |                   | (767)                   | (1,352)                          | (2,119)       |
| Acquisitions/disposals of<br>treasury stock                                        |                      |                  |                                  | (83)                     |                                          |                            | (276)             | (359)                   |                                  | (359)         |
| Transactions between<br>owners (International Power<br>transaction – see Note 2.5) |                      |                  |                                  | (2,304)                  | (157)                                    | 240                        |                   | (2,221)                 | (5,841)                          | (8,062)       |
| International Power<br>convertible bonds (see<br>Note 2.5)                         |                      |                  |                                  | (288)                    |                                          |                            |                   | (288)                   |                                  | (288)         |
| Other transactions between<br>owners                                               |                      |                  |                                  | (102)                    |                                          |                            |                   | (102)                   | (175)                            | (277)         |
| Share capital increases<br>subscribed by non-<br>controlling interests             |                      |                  |                                  |                          |                                          |                            |                   | -                       | 156                              | 156           |
| Other changes                                                                      |                      |                  | (15)                             | 6                        |                                          |                            |                   | (10)                    | 59                               | 49            |
| <b>EQUITY AT<br/>DECEMBER 31, 2012 <sup>(1)</sup></b>                              | <b>2,412,824,089</b> | <b>2,413</b>     | <b>32,207</b>                    | <b>26,427</b>            | <b>(242)</b>                             | <b>235</b>                 | <b>(1,206)</b>    | <b>59,834</b>           | <b>11,468</b>                    | <b>71,303</b> |

(1) Comparative data for 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



| <i>In millions of euros</i>                                            | Number<br>of shares   | Share<br>capital | Additional<br>paid-in<br>capital | Consolidated<br>reserves | Changes<br>in fair<br>value<br>and other | Translation<br>adjustments | Treasury<br>stock | Shareholder's<br>equity | Non-<br>controlling<br>interests | Total           |
|------------------------------------------------------------------------|-----------------------|------------------|----------------------------------|--------------------------|------------------------------------------|----------------------------|-------------------|-------------------------|----------------------------------|-----------------|
| <b>EQUITY AT<br/>DECEMBER 31, 2012 <sup>(1)</sup></b>                  | <b>2,412,824,089,</b> | <b>2,413</b>     | <b>32,207</b>                    | <b>26,427</b>            | <b>(242)</b>                             | <b>235</b>                 | <b>(1,206)</b>    | <b>59,834</b>           | <b>11,468</b>                    | <b>71,303</b>   |
| Net income/(loss)                                                      |                       |                  |                                  | (9,289)                  |                                          |                            |                   | (9,289)                 | 380                              | (8,909)         |
| Other comprehensive<br>income                                          |                       |                  |                                  | 397                      | 391                                      | (1,591)                    |                   | (804)                   | (303)                            | (1,107)         |
| <b>TOTAL COMPREHENSIVE<br/>INCOME</b>                                  |                       |                  |                                  | <b>(8,893)</b>           | <b>391</b>                               | <b>(1,591)</b>             | <b>-</b>          | <b>(10,093)</b>         | <b>77</b>                        | <b>(10,016)</b> |
| Employee share issues<br>and share-based payment                       |                       |                  |                                  | 88                       |                                          |                            |                   | 88                      | 5                                | 93              |
| Dividends paid in cash<br>(see Note 17)                                |                       |                  |                                  | (3,539)                  |                                          |                            |                   | (3,539)                 | (1,071)                          | (4,610)         |
| Acquisitions/disposals<br>of treasury stock<br>(see Note 17)           |                       |                  |                                  | (101)                    |                                          |                            | 97                | (5)                     | -                                | (5)             |
| Loss of control<br>of SUEZ Environnement<br>(see Note 2.1)             |                       |                  |                                  |                          |                                          |                            |                   | -                       | (5,152)                          | (5,152)         |
| Issuance of deeply-<br>subordinated perpetual<br>notes (see Note 17.7) |                       |                  |                                  | 1,657                    |                                          |                            |                   | 1,657                   | -                                | 1,657           |
| Transactions between<br>owners                                         |                       |                  |                                  | 19                       | 3                                        |                            |                   | 22                      | (187)                            | (165)           |
| Share capital increases<br>subscribed by non-<br>controlling interests |                       |                  |                                  |                          |                                          |                            |                   | -                       | 379                              | 379             |
| Other changes                                                          |                       |                  |                                  | (8)                      |                                          |                            |                   | (8)                     | 15                               | 7               |
| <b>EQUITY AT<br/>DECEMBER 31, 2013</b>                                 | <b>2,412,824,089,</b> | <b>2,413</b>     | <b>32,207</b>                    | <b>15,650</b>            | <b>152</b>                               | <b>(1,356)</b>             | <b>(1,109)</b>    | <b>47,955</b>           | <b>5,535</b>                     | <b>53,490</b>   |

(1) Comparative data for 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



## STATEMENT OF CASH FLOWS

| <i>In millions of euros</i>                                                                           | Notes     | Dec. 31, 2013  | Dec. 31, 2012 <sup>(1)</sup> |
|-------------------------------------------------------------------------------------------------------|-----------|----------------|------------------------------|
| <b>NET INCOME/(LOSS)</b>                                                                              |           | <b>(8,909)</b> | <b>2,743</b>                 |
| - Share in net income of associates                                                                   |           | (490)          | (433)                        |
| + Dividends received from associates                                                                  |           | 280            | 315                          |
| - Net depreciation, amortization, impairment and provisions                                           |           | 20,889         | 9,246                        |
| - Impact of changes in scope of consolidation and other non-recurring items                           |           | (481)          | (87)                         |
| - Mark-to-market on commodity contracts other than trading instruments                                |           | 226            | (109)                        |
| - Other items with no cash impact                                                                     |           | 93             | 114                          |
| - Income tax expense                                                                                  |           | 727            | 2,049                        |
| - Net financial expense                                                                               |           | 1,977          | 2,775                        |
| <b>Cash generated from operations before income tax and working capital requirements</b>              |           | <b>14,313</b>  | <b>16,612</b>                |
| + Tax paid                                                                                            |           | (2,103)        | (2,010)                      |
| <b>Change in working capital requirements</b>                                                         | <b>27</b> | <b>(186)</b>   | <b>(995)</b>                 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                                            |           | <b>12,024</b>  | <b>13,607</b>                |
| Acquisitions of property, plant and equipment and intangible assets                                   | 3.4.3     | (7,529)        | (9,177)                      |
| Acquisitions of controlling interest in entities, net of cash and cash equivalents acquired           | 3.4.3     | (363)          | (103)                        |
| Acquisitions of investments in associates and joint ventures                                          | 3.4.3     | (166)          | (306)                        |
| Acquisitions of available-for-sale securities                                                         | 3.4.3     | (143)          | (142)                        |
| Disposals of property, plant and equipment, and intangible assets                                     |           | 280            | 185                          |
| Loss of controlling interest in entities, net of cash and cash equivalents sold                       |           | 496            | 537                          |
| Disposals of investments in associates and joint ventures                                             |           | 1,441          | 300                          |
| Disposals of available-for-sale securities                                                            |           | 174            | 93                           |
| Interest received on non-current financial assets                                                     |           | 67             | 54                           |
| Dividends received on non-current financial assets                                                    |           | 137            | 129                          |
| Change in loans and receivables originated by the Group and other                                     | 3.4.3     | (6)            | (21)                         |
| <b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>                                                  |           | <b>(5,611)</b> | <b>(8,451)</b>               |
| Dividends paid                                                                                        |           | (4,694)        | (2,117)                      |
| Repayment of borrowings and debt                                                                      |           | (5,869)        | (7,558)                      |
| Change in financial assets at fair value through income                                               |           | (437)          | 2,473                        |
| Interest paid                                                                                         |           | (1,494)        | (1,915)                      |
| Interest received on cash and cash equivalents                                                        |           | 117            | 185                          |
| Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives |           | (184)          | (721)                        |
| Increase in borrowings                                                                                |           | 3,617          | 11,587                       |
| Increase/decrease in capital                                                                          | 17.7      | 2,037          | 229                          |
| Purchase and/or sale of treasury stock                                                                |           | (5)            | (358)                        |
| Changes of ownership interest in controlled entities                                                  | 3.4.3     | (71)           | (10,125)                     |
| <b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>                                                  |           | <b>(6,982)</b> | <b>(8,321)</b>               |
| Effects of changes in exchange rates and other                                                        |           | (2,123)        | (126)                        |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>                                                                 |           | <b>(2,691)</b> | <b>(3,291)</b>               |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                                               |           | <b>11,383</b>  | <b>14,675</b>                |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                                     |           | <b>8,691</b>   | <b>11,383</b>                |

(1) Comparative data for 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



# Notes to the consolidated financial statements

|                |                                            |     |                |                                                                      |     |
|----------------|--------------------------------------------|-----|----------------|----------------------------------------------------------------------|-----|
| <b>NOTE 1</b>  | Summary of significant accounting policies | 34  | <b>NOTE 17</b> | Equity                                                               | 112 |
| <b>NOTE 2</b>  | Main changes in group structure            | 48  | <b>NOTE 18</b> | Provisions                                                           | 115 |
| <b>NOTE 3</b>  | Segment information                        | 56  | <b>NOTE 19</b> | Post-employment benefits and other long-term benefits                | 118 |
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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 and energy services) 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 26, 2014, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2013.

## 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, 2012 and 2013). 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, 2013 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by the European Union<sup>(1)</sup>.

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2013 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2012, except for those described in Sections 1.1.1 to 1.1.3 below.

#### 1.1.1 IAS 19 Revised – Employee benefits applicable on January 1, 2013

Changes in accounting principles pursuant to the application of IAS 19 Revised are as follows for the Group:

- ▶ under IAS 19 Revised, the net interest expense (income) on the net defined benefit liability (asset) is determined by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability (asset). This net interest expense (income) is presented as “financial expense” (“financial income”) in the income statement. Until December 31, 2012, two separate financial components regarding defined benefit plans were recognized in the Group's income statement:

- an interest expense (“financial expense”), being the unwinding of the discount on the present value of the defined benefit obligation;
- an interest income (“financial income”), being the expected return on plan assets;
- ▶ under the amended standard, plan administration costs are recognized when the administration services are rendered. Before the revision of the standard, administration costs were included in the actuarial assumptions used to measure the defined benefit obligation;
- ▶ as from application of IAS 19 Revised, unvested past service cost shall be recognized immediately whereas previously it was recognized over the vesting period.

The impacts resulting from the retrospective application of the revised standard on the 2012 financial statements are as follows:

- ▶ in the statement of financial position as of December 2012, the change implies a €146 million decrease of the provision for post-employment benefits, a €50 million decrease of the deferred tax assets, and a €96 million increase of equity. These restatements mainly originate from the change in the accounting for plan administration costs;
- ▶ as of December 2012, net financial expense and net income are reduced by €19 and €12 million respectively, whereas basic earnings per share and diluted earnings per share remain unchanged. Total comprehensive income as of December 31, 2012 decreased by €22 million (recyclable items - actuarial gains and losses and deferred tax on these elements);
- ▶ equity as of January 1, 2012 increases by €84 million.

(1) Available on the European Commission's website: [http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).



### 1.1.2 Other IFRS standards, amendments and IFRIC interpretations applicable in 2013

- ▶ IFRS 13 – Fair value measurement: This standard has no significant impact on total comprehensive income or statement of financial position. New disclosures required by IFRS 13 about assets and liabilities fair value are located in Note 15 “Financial instruments”;
- ▶ Amendments to IAS 12 – Income Taxes - Deferred tax: Recovery of Underlying Assets. The Group is not concerned by these amendments;
- ▶ Amendments to IFRS 7 – Disclosures Offsetting Financial Assets and Financial Liabilities: information about rights to offset and related arrangements associated with financial assets and liabilities are disclosed in Note 15 “Financial instruments”;
- ▶ Annual Improvements to IFRSs 2009-2011. These amendments have no impact for the Group;
- ▶ IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine. The Group is not affected by this interpretation.

### 1.1.3 Amendment effective in 2014 that the Group has elected to early adopt in 2013

- ▶ Amendments to IAS 36 – *Recoverable amount disclosures for non-financial assets*. These amendments limit the disclosures related to the recoverable amount of a CGU which includes goodwill or intangible assets with an indefinite useful life, to those CGUs in which an impairment loss or a reversal of an impairment loss has been recognized.

### 1.1.4 IFRS standards, amendments and IFRIC interpretations applicable in 2014 that the Group has elected not to early adopt in 2013

- ▶ IFRS 10 – Consolidated Financial Statements;
- ▶ IFRS 11 – Joint Arrangements;
- ▶ Amendment to IAS 28 – Investments in Associates and Joint Ventures.

The application of these standards and amendments will not have any material impact on the Group's consolidated financial statements as of January 1, 2014.

- ▶ IFRS 12 – Disclosure of Interests in Other Entities;
- ▶ Amendments to IAS 32 – Presentation - Offsetting financial assets and financial liabilities;
- ▶ IFRS 9 Hedge accounting – Amendments to IFRS 9, IFRS 7 and IAS 39<sup>(1)</sup>;
- ▶ Amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting;

- ▶ IFRIC 21 – *Levies*<sup>(1)</sup>.

The potential impact on the Group resulting from the application of these standards, amendments and interpretation as of January 1, 2014 is currently being assessed.

### 1.1.5 Standards and amendments applicable after 2014

- ▶ IFRS 9 – Financial Instruments: Classification and Measurement<sup>(1)</sup>;
- ▶ Amendments to IAS 19 – Defined benefit plans - employee contributions<sup>(1)</sup>;
- ▶ Annual Improvements to IFRSs 2010-2012<sup>(1)</sup>;
- ▶ Annual Improvements to IFRSs 2011-2013<sup>(1)</sup>.

The impact resulting from the application of these standard and amendments is currently being assessed.

### 1.1.6 Reminder of IFRS 1 transition options

The Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an effect on the consolidated financial statements are:

- ▶ translation adjustments: the Group elected to reclassify cumulative translation adjustments within consolidated equity at January 1, 2004;
- ▶ business combinations: the Group elected not to restate business combinations that took place prior to January 1, 2004 in accordance with IFRS 3.

## 1.2 Measurement 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. To assess whether a sale is highly probable, the Group takes into consideration among other items, indications of interest and offers received from potential buyers and specific risks to the execution of certain transactions.

(1) These standards and amendments have not yet been adopted by the European Union.

### 1.3 Use of estimates and judgment

The economic and financial crisis prompted the Group to step up its risk oversight procedures and include an assessment of them in measuring financial instruments and performing impairment tests. The Group's estimates used in business plans and discount rates used in impairment tests and for calculating provisions, take into account the crisis situation and the resulting significant market volatility. At the end of 2013, the Group also incorporated a structural change in the medium- and long-term energy equilibrium models for Europe, thereby acknowledging a major shift that is affecting several of its businesses.

#### 1.3.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the 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;
- ▶ measurement of the recoverable amount of goodwill and other intangible assets, and property, plant and equipment (see Sections 1.4.4 and 1.4.5);
- ▶ measurement of provisions, particularly for nuclear waste processing and storage, dismantling obligations, disputes, pensions and other employee benefits (see Section 1.4.15);
- ▶ financial instruments (see Section 1.4.11);
- ▶ measurement of revenues not yet metered, so called un-metered revenues;
- ▶ measurement of recognized tax loss carry-forwards.

##### 1.3.1.1 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.

##### 1.3.1.2 Recoverable amount of goodwill, property, plant and equipment and intangible assets

The recoverable amount of goodwill, property, plant and equipment and intangible assets is based on estimates and assumptions regarding in particular the expected market outlook, changes in the regulatory environment – whose sensitivity varies depending on the activity – which are used for the measurement of cash flows, and the determination of the 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 losses to be recognized.

The key assumptions used in the impairment tests on material goodwill CGUs and on CGUs in respect of which material impairment losses were recognized in 2013 (see Notes 5.2 "Impairment losses" and 10.3 "Impairment tests on goodwill CGU") are as follows:

- ▶ Energy – Central Western Europe (CWE) CGU (GDF SUEZ Energy Europe business line).

The cash flow projections for the electricity and gas activities in the CWE region are based on a large number of key assumptions, such as the long-term prices for fuel and CO<sub>2</sub>, expected trends in gas and electricity demand and in power prices, the market outlook, as well as changes in the regulatory environment (especially concerning nuclear capacities in Belgium, the extension of drawing rights agreements for French nuclear plants, and the creation of a power capacity market), and the prospects of renewal of the Group's hydro concessions in France. The key assumptions also include the discount rate used to calculate the value in use of this goodwill CGU.

- ▶ Storage CGU (GDF SUEZ Infrastructures business line).

Key assumptions used in the impairment test include the level of seasonal natural gas spreads in France and Germany, gas price volatility forecasts in the UK, changes in the regulatory environment for third-party access to French storage capacity, as well as the discount rates.

- ▶ Energy – Southern Europe CGU (GDF SUEZ Energy Europe business line).

Key assumptions used in the impairment test concern expected trends in the demand for electricity and gas and forecast changes in the price of fuel, CO<sub>2</sub> and electricity beyond the liquidity period, as well as the discount rates.

- ▶ Distribution CGU (GDF SUEZ Infrastructures business line).

The cash flow projections are drawn up based on the tariff for public natural gas distribution networks (known as "ATRD 4"), which entered into effect for a period of four years on July 1, 2012, and on the overall level of investments agreed by the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie* – CRE) as part of its decision on the ATRD 4 tariff. The terminal value calculated at the end of the medium-term business plan corresponds to the expected Regulated Asset Base (RAB) with no premium at the end of 2019. The RAB is the value assigned by the regulator to the assets operated by the distributor.

- ▶ Global Gas & LNG CGU.

The main assumptions and key estimates primarily include the discount rates, expected trends in hydrocarbon prices, changes in the euro/US dollar exchange rate, expected trends in liquefied natural gas supply and demand, as well as the market outlook.

- ▶ Energy – North America (GDF SUEZ Energy International business line).

The main assumptions and key estimates primarily include the values assigned to long-term power and fuel prices, the market outlook and the discount rates.

#### 1.3.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to 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 processing and storage of radioactive nuclear fuel consumed);



- ▶ the timing of expenditure (notably, for nuclear power generation activities, the timetable for processing of radioactive nuclear fuel consumed 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.

### 1.3.1.4 Pensions and other employee benefit obligations

Pension commitments and other employee benefit obligations are measured on the basis of actuarial assumptions. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

### 1.3.1.5 Financial instruments

To determine the fair value of financial instruments that are not listed on an active market, the Group uses valuation techniques that are based on certain assumptions. Any change in these assumptions could have a material impact on the resulting calculations.

### 1.3.1.6 Revenues

Revenues generated from types of customers whose energy consumption is metered during the accounting period, particularly customers supplied with low-voltage electricity or low-pressure gas, are estimated at the 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.

### 1.3.1.7 Measurement of tax loss carry-forward assets

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. The probability that taxable profit will be available against which the unused tax losses can be utilized, is

based on taxable temporary differences relating to the same taxation authority and the same taxable entity and estimates future taxable profits. These estimates 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.

## 1.3.2 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.

## 1.4 Significant accounting policies

### 1.4.1 Scope and methods of consolidation

The consolidation methods used by the Group consist of the full consolidation method, the proportionate consolidation method and the equity method:

- ▶ subsidiaries (companies over which the Group exercises exclusive control) are fully consolidated;
- ▶ companies over which the Group exercises joint control are consolidated by the proportionate method, based on the Group's percentage interest;
- ▶ the equity method is used for all associate companies over which the Group exercises significant influence. In accordance with this method, the Group recognizes its proportionate share of the investee's net income or loss on a separate line of the consolidated income statement under "Share in net income of associates".

The Group analyzes what type of control exists on a case-by-case basis, taking into account the situations illustrated in IAS 27, 28 and 31.

All intra-group balances and transactions are eliminated on consolidation.

A list of the main fully consolidated companies is presented in the Note 30 "List of the main consolidated companies at December 31, 2013" to the consolidated financial statements.

### 1.4.2 Foreign currency translation methods

#### 1.4.2.1 Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in euros (€).

#### 1.4.2.2 Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates, which in most cases corresponds to local currency. However, certain entities may have a functional currency different from local currency when that other currency is used for an entity's main transactions and better reflects its economic environment.

#### 1.4.2.3 Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At each 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.

#### 1.4.2.4 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.

### 1.4.3 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.

### 1.4.4 Intangible assets

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

### 1.4.4.1 Goodwill

#### Recognition of goodwill

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 1.4.8 "Impairment of property, plant and equipment and intangible assets".

Impairment losses in relation to goodwill cannot be reversed and are shown under "Impairment losses" in the consolidated income statement.

### 1.4.4.2 Other intangible assets

#### Development costs

Research costs are expensed as incurred.

Development costs are capitalized when the asset recognition criteria set out in IAS 38 are met. Capitalized development costs are amortized over the useful life of the intangible asset recognized. In view of the Group's activities, capitalized development costs are not material.



### Other internally-generated or acquired intangible assets

Other intangible assets include mainly:

- ▶ amounts paid or payable as consideration for rights relating to concession contracts or public service contracts;
- ▶ customer portfolios acquired on business combinations;
- ▶ power station capacity rights: the Group helped finance the construction of certain nuclear power stations operated by third

parties and in consideration received the right to purchase a share of the production over the useful life of the assets, not to exceed 40 years;

- ▶ 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):

| Main depreciation periods (years) | Useful life |         |
|-----------------------------------|-------------|---------|
|                                   | Minimum     | Maximum |
| Concession rights                 | 10          | 30      |
| Customer portfolios               | 10          | 40      |
| Other intangible assets           | 1           | 40      |

Some intangible assets with an indefinite useful life such as trademarks, are not amortized.

## 1.4.5 Property, plant and equipment

### 1.4.5.1 Initial recognition and subsequent measurement

Items of property, plant and equipment are recognized at historical cost less any accumulated depreciation and any accumulated impairment losses.

The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

Investment subsidies are deducted from the gross value of the assets concerned.

In accordance with IAS 16, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to dismantle the item or restore the site. A corresponding provision for this obligation is recorded for the amount of the asset component.

Property, plant and equipment acquired under finance leases is carried in the consolidated statement of financial position at the lower of market value and the present value of the related minimum lease payments. The corresponding liability is recognized under borrowings. These assets are depreciated using the same methods and useful lives as set out below.

The Group applies IAS 23, 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.

### 1.4.5.2 Depreciation

In accordance with the components approach, each significant component of an item of property, plant and equipment with a different useful life from that of the main asset to which it relates is depreciated separately over its own useful life.

Property, plant and equipment is depreciated mainly using the straight-line method over the following useful lives:

| Main depreciation periods (years)                 | Useful life |         |
|---------------------------------------------------|-------------|---------|
|                                                   | Minimum     | Maximum |
| Plant and equipment                               |             |         |
| • Storage – Production – Transport – Distribution | 5           | 60*     |
| • Installation – Maintenance                      | 3           | 10      |
| • Hydraulic plant and equipment                   | 20          | 65      |
| 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.

### 1.4.6 Assets relating to the exploration and production of mineral resources

The Group applies IFRS 6 – Exploration for and Evaluation of Mineral Resources.

Geological and geophysical studies are expensed in the year in which they are incurred.

Exploration costs (other than geological and geophysical studies) are temporarily capitalized in “pre-capitalized exploration costs” before the confirmation of the technical feasibility and commercial viability of extracting resources. These exploration drilling costs are temporarily capitalized when the following two conditions are met:

- ▶ 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.

### 1.4.7 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, which are conveyed to the operator, 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 nature of the compensation. Accordingly:

- ▶ 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);
- ▶ otherwise the “intangible asset” model is applied : the concession operator has the right to charge for use of the public sector asset.

### 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.

### 1.4.8 Impairment of property, plant and equipment and intangible assets

In accordance with IAS 36, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortized are tested for impairment annually.



### Impairment indicators

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when economic performance is worse than expected.

The main impairment indicators used by the Group are described below:

- ▶ external sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which an asset is dedicated;
  - fall in demand;
  - changes in energy prices and US dollar exchange rates;
- ▶ 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 losses".

## 1.4.9 Leases

The Group holds assets for its various activities under lease contracts.

These leases are analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.

The following main factors are considered by the Group to assess if a lease transfers substantially all the risks and rewards incidental to ownership: whether (i) the lessor transfers ownership of the asset to the lessee by the end of the lease term; (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option; (iii) the lease term is for the major part of the economic life of the asset; (iv) the asset is of a highly specialized nature; and (v) the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

### 1.4.9.1 Accounting for finance leases

On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

### 1.4.9.2 Accounting for operating leases

Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

### 1.4.9.3 Accounting for arrangements that contain a lease

IFRIC 4 deals with the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases. In the latter case, a finance receivable should be recognized to reflect the financing deemed to be granted by the Group where it is considered as acting as lessor and its customers as lessees.

The Group is concerned by this interpretation mainly with respect to:

- ▶ some energy purchase and sale contracts, particularly where the contract conveys to the purchaser of the energy an exclusive right to use a production asset;
- ▶ certain contracts with industrial customers relating to assets held by the Group.

### 1.4.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined based on the first-in, first-out method or the weighted average cost formula.

Nuclear fuel purchased is consumed in the process of producing electricity over a number of years. The consumption of this nuclear fuel inventory is recorded based on estimates of the quantity of electricity produced per unit of fuel.

#### Gas inventories

Gas injected into underground storage facilities includes working gas which can be withdrawn without adversely affecting the operation of the reservoir, and cushion gas which is inseparable from the reservoirs and essential for their operation (see the section 1.4.5 "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 unit 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.

### 1.4.11 Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

#### 1.4.11.1 Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments. 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 losses". 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 1.4.12). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the consolidated income statement.



### 1.4.11.2 Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments 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.

### 1.4.11.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. 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.

Except in case of enforceable master netting arrangements or similar agreements, counterparty risk is included in the fair value of financial derivative instrument assets and liabilities. It is calculated according to the "expected loss" method and takes into account the exposure at default, the probability of default and the loss given default.

The probability of default is determined on the basis of credit ratings assigned to each counterparty ("historical probability of default" approach).

#### 1.4.12 Cash and cash equivalents

These items include cash equivalents as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under "Short-term borrowings".

#### 1.4.13 Treasury shares

Treasury shares are recognized at cost and deducted from equity. Gains and losses on disposals of treasury shares are recorded directly in equity and do not therefore impact income for the period.

#### 1.4.14 Share-based payment

Under IFRS 2, share-based payments made in consideration for services provided are recognized as personnel costs. These services are measured at the fair value of the instruments awarded.

The Group share-based payments are equity-settled instruments (cash-settled instruments are not currently used by the Group).

#### Equity-settled instruments: 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.

#### 1.4.15 Provisions

##### 1.4.15.1 Provisions for post-employment benefit obligations and other long-term employee benefits

Depending on the laws and practices in force in the countries where GDF SUEZ operates, Group companies have obligations in terms of pensions, early retirement payments, retirement bonuses and other benefit plans. Such obligations generally apply to all of the employees within the companies concerned.

The Group's obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19 Revised (see Section 1.1.1).

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 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, actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are 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.

Net interest on the net defined benefit liability (asset) is presented in net financial expense (income).

### 1.4.15.2 Other provisions

The Group records a provision where it has a present obligation (legal or constructive), the settlement of which is expected to result in an outflow of resources embodying economic benefits with no corresponding consideration in return.

A provision for restructuring costs is recorded when the general criteria for setting up a provision are met, i.e., when the Group has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The Group's main long-term provisions are provisions for nuclear waste processing and storage, provisions for dismantling facilities and provisions for site restoration costs. The discount rate (or rates) used reflect current market assessments of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long-term provisions are recorded under other financial income and expenses.

A provision is recognized when the Group has a present legal or constructive obligation to dismantle facilities or to restore a site. An asset is recorded simultaneously by including this dismantling obligation in the carrying amount of the facilities concerned. Adjustments to the provision due to subsequent changes in the expected outflow of resources, the dismantling date or the discount rate are deducted from or added to the cost of the corresponding asset in a symmetrical manner. The impacts of unwinding the discount are recognized in expenses for the period.

### 1.4.16 Revenues

Group revenues (as defined by IAS 18) are mainly generated from the following:

- ▶ energy sales;
- ▶ rendering of services;
- ▶ lease and construction contracts.

Revenues on sales of goods are recognized on delivery, i.e., when the significant risks and rewards of ownership are transferred to the buyer. For services and construction contracts, revenues are recognized using the percentage-of-completion method. In both cases, revenues are recognized solely when the transaction price is fixed or can be reliably determined and the recovery of the amounts due is probable.

Revenues are measured at the fair value of the consideration received or receivable. Where deferred payment has a material impact on the measurement of the fair value of this consideration, this is taken into account by discounting future receipts.

### 1.4.16.1 Energy sales

These revenues primarily include sales of electricity and gas, transport and distribution fees relating to services such as electricity and gas distribution network maintenance, and heating network sales.

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.

### 1.4.16.2 Rendering of services

These revenues relate mainly to installation, maintenance and energy services, and are recognized in accordance with IAS 18, which requires services to be accounted for on a percentage-of-completion basis.

### 1.4.16.3 Lease and construction contracts

Revenues from construction contracts are determined using the percentage-of-completion method and more generally according to the provisions of IAS 11. Depending on the contract concerned, the stage of completion may be determined either based on the proportion that costs incurred to date bear to the estimated total costs of the transaction, or on the physical progress of the contract based on factors such as contractually defined stages.

Revenues also include revenues from financial concession assets (IFRIC 12) and finance lease receivables (IFRIC 4).

### 1.4.17 Current operating income

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance" (this complies with ANC Recommendation 2013-03 on the format of financial statements of entities applying IFRS standards). 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, impairment losses, 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 (marked-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 losses include impairment losses on goodwill, tangible and intangible assets, associate companies and available-for-sale securities;
- ▶ restructuring costs concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- ▶ 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.

#### 1.4.18 Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method starting from net income/(loss).

"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 income tax are presented on a separate line of the consolidated statement of cash flows.

#### 1.4.19 Income tax expense

The Group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases, using tax rates that have been enacted or substantively enacted by the 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.

#### 1.4.20 Earnings per share

Basic earnings per share are calculated by dividing net income/(loss) 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 basic 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 Loss of control of SUEZ Environnement

#### 2.1.1 Termination of the shareholders' agreement

Following the announcements made on December 5, 2012 and January 22, 2013 (see Note 2.2 "Announcement of the non-renewal of the SUEZ Environnement Company Shareholders' Agreement" and Note 28.3 "Confirmation of the non-renewal of the SUEZ Environnement Company Shareholders' Agreement" to the consolidated financial statements for the year ended December 31, 2012), the SUEZ Environnement Company shareholders' agreement expired on July 22, 2013 for all the parties involved.

As a result of the termination of the shareholders' agreement, GDF SUEZ no longer controls SUEZ Environnement Company. From July 22, 2013, the interest held by the Group in SUEZ Environnement Company will be accounted for under the equity method in its consolidated financial statements.

#### 2.1.2 Impact on GDF SUEZ Group's financial statements

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the residual interest in SUEZ Environnement Company was recognized at fair value at the date control was relinquished. Based on SUEZ Environnement Company's share price of €10.26 on July 22, 2013, the associate's carrying amount was €1,868 million and the fair value revaluation gain amounted to €476 million (based on the accounts as at July 22, 2013). The net gain and the loss corresponding to the reclassification to income of recyclable items of SUEZ Environnement Company's statement of comprehensive income are presented under "Changes in scope of consolidation" for an amount of €448 million net of expenses.

In accordance with the provisions of IAS 28 – Investments in Associates, the Group has measured SUEZ Environnement's identifiable assets and liabilities at fair value. Amortization of the fair value adjustments allocated to SUEZ Environnement's assets and liabilities did not have a material impact on GDF SUEZ's consolidated financial statements for the year ended December 31, 2013. Although the fair value of the identifiable assets and liabilities has only been measured on a provisional basis, the Group does not expect the amounts to change significantly.



SUEZ Environnement's contribution to the consolidated income statement and statement of cash flows for the years ended December 31, 2013 and December 31, 2012 and for the statement of financial position as at December 31, 2012 are presented below, while the key financial indicators reported by SUEZ Environnement are presented in Note 13.2:

#### INCOME STATEMENT

| <i>In millions of euros</i>                                          | <b>SUEZ<br/>Environnement<br/>Group<br/>contribution<br/>as at July 22,<br/>2013</b> | <b>Revaluation<br/>gain net<br/>as at July 22,<br/>2013</b> | <b>SUEZ<br/>Environnement<br/>as investment<br/>in associates<br/>from July 22,<br/>2013</b> | <b>Total SUEZ<br/>Environnement<br/>contribution<br/>as at Dec. 31,<br/>2013</b> | <b>Dec 31, 2012 <sup>(1)</sup></b> |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------|
| Revenues                                                             | 8,031                                                                                | -                                                           | -                                                                                            | 8,031                                                                            | 15,093                             |
| Purchases                                                            | (1,698)                                                                              | -                                                           | -                                                                                            | (1,698)                                                                          | (3,481)                            |
| Personnel costs                                                      | (2,107)                                                                              | -                                                           | -                                                                                            | (2,107)                                                                          | (3,767)                            |
| Depreciation, amortization and provisions                            | (548)                                                                                | -                                                           | -                                                                                            | (548)                                                                            | (1,036)                            |
| Other operating expenses                                             | (3,251)                                                                              | -                                                           | -                                                                                            | (3,251)                                                                          | (5,925)                            |
| Other operating income                                               | 160                                                                                  | -                                                           | -                                                                                            | 160                                                                              | 238                                |
| <b>CURRENT OPERATING INCOME</b>                                      | <b>588</b>                                                                           | <b>-</b>                                                    | <b>-</b>                                                                                     | <b>588</b>                                                                       | <b>1,121</b>                       |
| Mark-to-market on commodity contracts other than trading instruments | (1)                                                                                  | -                                                           | -                                                                                            | (1)                                                                              | 4                                  |
| Impairment losses                                                    | 4                                                                                    | -                                                           | -                                                                                            | 4                                                                                | (87)                               |
| Restructuring costs                                                  | (17)                                                                                 | -                                                           | -                                                                                            | (17)                                                                             | (78)                               |
| Changes in scope of consolidation                                    | (2)                                                                                  | 448                                                         | -                                                                                            | 447                                                                              | 45                                 |
| Other non-recurring items                                            | 10                                                                                   | -                                                           | -                                                                                            | 10                                                                               | 4                                  |
| <b>INCOME FROM OPERATING ACTIVITIES</b>                              | <b>581</b>                                                                           | <b>448</b>                                                  | <b>-</b>                                                                                     | <b>1,029</b>                                                                     | <b>1,009</b>                       |
| Financial expenses                                                   | (273)                                                                                | -                                                           | -                                                                                            | (273)                                                                            | (527)                              |
| Financial income                                                     | 50                                                                                   | -                                                           | -                                                                                            | 50                                                                               | 94                                 |
| <b>NET FINANCIAL INCOME/(LOSS)</b>                                   | <b>(223)</b>                                                                         | <b>-</b>                                                    | <b>-</b>                                                                                     | <b>(223)</b>                                                                     | <b>(434)</b>                       |
| Income tax expense                                                   | (107)                                                                                | -                                                           | -                                                                                            | (107)                                                                            | (177)                              |
| Share in net income of associates                                    | 17                                                                                   | -                                                           | 62                                                                                           | 80                                                                               | 22                                 |
| <b>NET INCOME</b>                                                    | <b>268</b>                                                                           | <b>448</b>                                                  | <b>62</b>                                                                                    | <b>778</b>                                                                       | <b>422</b>                         |
| Net income Group share                                               | 41                                                                                   | 448                                                         | 62                                                                                           | 551                                                                              | 58                                 |
| Non-controlling interests                                            | 227                                                                                  | -                                                           | -                                                                                            | 227                                                                              | 364                                |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



## Notes to the consolidated financial statements

### NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

#### STATEMENT OF FINANCIAL POSITION

*In millions of euros*

**Dec. 31, 2012 <sup>(1)</sup>**

|                                                                         |               |
|-------------------------------------------------------------------------|---------------|
| <b>Non-current assets</b>                                               |               |
| Intangible assets, net                                                  | 4,056         |
| Goodwill                                                                | 3,257         |
| Property, plant and equipment, net                                      | 8,867         |
| Available-for-sale securities                                           | 393           |
| Loans and receivables at amortized cost                                 | 703           |
| Derivative instruments                                                  | 257           |
| Investments in associates                                               | 490           |
| Other non-current assets                                                | 80            |
| Deferred tax assets                                                     | 761           |
| <b>TOTAL NON-CURRENT ASSETS</b>                                         | <b>18,865</b> |
| <b>Current assets</b>                                                   |               |
| Loans and receivables at amortized cost                                 | 215           |
| Derivative instruments                                                  | 5             |
| Trade and other receivables, net                                        | 3,763         |
| Inventories                                                             | 291           |
| Other current assets                                                    | 1,111         |
| Financial assets at fair value through income                           | 24            |
| Cash and cash equivalents                                               | 2,233         |
| Assets classified as held for sale                                      | -             |
| <b>TOTAL CURRENT ASSETS</b>                                             | <b>7,643</b>  |
| <b>TOTAL ASSETS</b>                                                     | <b>26,508</b> |
| Shareholders' equity                                                    | 1,451         |
| Non-controlling interests                                               | 5,388         |
| <b>TOTAL EQUITY</b>                                                     | <b>6,839</b>  |
| <b>Non-current liabilities</b>                                          |               |
| Provisions                                                              | 1,408         |
| Long term borrowings                                                    | 8,392         |
| Derivative instruments                                                  | 91            |
| Other financial liabilities                                             | 3             |
| Other non-current liabilities                                           | 640           |
| Deferred tax liabilities                                                | 578           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                    | <b>11,112</b> |
| <b>Current liabilities</b>                                              |               |
| Provisions                                                              | 560           |
| Short term borrowings                                                   | 1,488         |
| Derivative instruments                                                  | 9             |
| Trade and other payables                                                | 2,834         |
| Other current liabilities                                               | 3,666         |
| Liabilities directly associated with assets classified as held for sale | -             |
| <b>TOTAL CURRENT LIABILITIES</b>                                        | <b>8,557</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     | <b>26,508</b> |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



## STATEMENT OF FINANCIAL CASH FLOWS

| <i>In millions of euros</i>                                                       | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012 <sup>(1)</sup></b> |
|-----------------------------------------------------------------------------------|----------------------|-------------------------------------|
| <b>NET INCOME</b>                                                                 | <b>778</b>           | <b>434</b>                          |
| Cash generated from operations before income tax and working capital requirements | 1,125                | 2,140                               |
| Change in working capital requirements                                            | (239)                | 330                                 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                        | <b>785</b>           | <b>2,358</b>                        |
| <b>CASH FLOW USED IN INVESTING ACTIVITIES</b>                                     | <b>(600)</b>         | <b>(1,297)</b>                      |
| <b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>                              | <b>(259)</b>         | <b>(1,369)</b>                      |
| Effects of changes in exchange rates and other                                    | (2,160)              | 56                                  |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>                                             | <b>(2,233)</b>       | <b>(251)</b>                        |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                           | <b>2,233</b>         | <b>2,485</b>                        |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                 | <b>-</b>             | <b>2,233</b>                        |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

## 2.2 Disposals carried out in 2013

In 2013 the Group continued to roll out its “portfolio optimization” program aimed at reducing consolidated net debt.

The disposals carried out within the scope of this program led to a €3,429 million decrease in net debt compared with December 31, 2012.

The table below shows the cumulative impact of these disposals on the Group's net debt at December 31, 2013. The individual and aggregate disposal gains/(losses) were not material at December 31, 2013.

| <i>In millions of euros</i>                                                                                        | <b>Disposal price</b> | <b>Decrease in net debt</b> | <b>Net gain (loss) on disposals, and changes in scope recognized in income</b> | <b>Impacts recognized in shareholders' equity</b> |
|--------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------|--------------------------------------------------------------------------------|---------------------------------------------------|
| <b>Transactions finalized in 2013 relating to “Assets held for sale” at December 31, 2012</b>                      | <b>1,283</b>          | <b>(1,168)</b>              | <b>2</b>                                                                       | <b>-</b>                                          |
| Disposal of the 24.5% interest in SPP (Slovakia)                                                                   | 1,242                 | (1,127)                     | -                                                                              | -                                                 |
| Disposal of 80% of IP Maestrale (Italy and Germany)                                                                | 28                    | (28)                        | -                                                                              | -                                                 |
| Disposal of a 10% interest in Sohar Power Company SAOG (Oman)                                                      | 13                    | (13)                        | 2                                                                              | -                                                 |
| <b>Transactions carried out in 2013</b>                                                                            | <b>1,000</b>          | <b>(1,960)</b>              | <b>30</b>                                                                      | <b>(11)</b>                                       |
| Sale of 50% of the portfolio of power generation assets in Portugal                                                | 328                   | (567)                       | (22)                                                                           | -                                                 |
| Entry of a 28% non-controlling shareholder in the portfolio of power generation assets in Australia                | 301                   | (301)                       | -                                                                              | (11)                                              |
| Disposal of thermal power plants in the United States                                                              | 82                    | (809)                       | 34                                                                             | -                                                 |
| <i>of which cash received on the remaining disposal price of the Choctaw plant - transaction finalized in 2012</i> | -                     | (130)                       | -                                                                              | -                                                 |
| <i>of which disposal of the Red Hills plant</i>                                                                    | -                     | (226)                       | 34                                                                             | -                                                 |
| <i>of which sale of 20.6% of Astoria Energy, Phase I power plant</i>                                               | 82                    | (453)                       | -                                                                              | -                                                 |
| Sale of 33.2% stake in NOGAT (Netherlands)                                                                         | 182                   | (177)                       | 14                                                                             | -                                                 |
| Disposal of 36% in KAPCO (Pakistan)                                                                                | 107                   | (106)                       | 4                                                                              | -                                                 |
| <b>Other disposals that are not material taken individually</b>                                                    | <b>201</b>            | <b>(301)</b>                | <b>74</b>                                                                      | <b>-</b>                                          |
| <b>TOTAL</b>                                                                                                       | <b>2,484</b>          | <b>(3,429)</b>              | <b>106</b>                                                                     | <b>(11)</b>                                       |

IP Maestrale, Sohar Power Company SAOG and the Group's 24.5% interest in SPP were classified as "Assets held for sale" at December 31, 2012. This reclassification had already resulted in a €946 million decrease in net debt at December 31, 2012. Overall, taking into consideration the €1,168 million received in 2013, these three transactions reduced consolidated net debt by €2,114 million.

### 2.2.1 Disposal of the 24.5% interest in SPP (Slovakia)

On January 23, 2013, GDF SUEZ and E.ON finalized the sale of their interests in Slovak Gas Holding (SGH) – in which they both held an equal stake – to Energetický a Průmyslový Holding (EPH). SGH is a holding company with a 49% interest in the Slovak gas operator Slovenský Plynárenský Priemysel a.s. (SPP).

This disposal valued the Group's 24.5% interest in SPP at €1,301 million. On January 23, 2013, the Group received a payment of €1,127 million corresponding to the sale price of €1,301 million less the €59 million dividend paid in December 2012 and a guaranteed deferred payment of €115 million to be received in 2015.

The disposal gain is not material. This transaction also brings the arbitration proceedings that GDF SUEZ and E.ON had initiated against the Slovak State before the ICSID to an end (see Note 27.1 "Legal and arbitration proceedings" to the consolidated financial statements for the year ended December 31, 2012).

### 2.2.2 Disposal of 80% of IP Maestrale (Italy and Germany)

On February 13, 2013, the Group finalized the sale of its 80% controlling interest in IP Maestrale – a subsidiary managing a portfolio of wind power generation businesses in Italy and Germany – to the ERG Group for €28 million.

In view of the provisions of the agreement entered into with ERG, the 20% interest retained by GDF SUEZ in IP Maestrale is recognized as a financial asset for an amount of €7 million.

This transaction did not have a material impact on the Group's consolidated income statement at December 31, 2013.

### 2.2.3 Sale of 50% of the portfolio of power generation assets in Portugal

On October 13, 2013, the Group sold off 50% of its portfolio of thermal and renewable power generation assets in Portugal to Marubeni Corporation for €328 million.

The sale included the assets of GDF SUEZ Energy Europe (100% of the wind farm operator Eurowind; 42.5% of the renewable energy producer Generg) and the assets of GDF SUEZ Energy International (100% of Turbogas and 50% of Elecgas, both of whom operate combined cycle power plants; 50% of Tejo Energia, a coal-fired power plant operator). In the consolidated financial statements at December 31, 2012, Eurowind and Turbogas were fully consolidated, Elecgas was consolidated by the proportionate method and Generg and Tejo Energia were accounted for under equity method.

Following the sale to Marubeni, the remaining 50% stakes in Eurowind and Turbogas and the 25% stake in Elecgas are all consolidated by the proportionate method. The residual interests in Generg and Tejo

Energia of 21.25% and 25%, respectively, are accounted for under the equity method. Pursuant to IAS 27, the interests retained in Eurowind and Turbogas were revalued at fair value at the transaction date. Once transaction fees of €8 million were included, this transaction generated a loss on disposal of €22 million.

The transaction also reduced the Group's net debt by €567 million at December 31, 2013 (i.e., consideration of €328 million received, less transaction fees of €8 million, plus the impact of the derecognizing of 50% of the net debt of €494 million previously carried on the books of the entities included in the transaction).

These Portuguese assets contributed €101 million to "Net income/(loss) Group share" in 2013 (not including disposal proceeds) and €56 million in 2012.

### 2.2.4 Entry of a 28% non-controlling shareholder in the portfolio of power generation assets in Australia

On October 31, 2013, Mitsui & Co. Ltd. took a 28% non-controlling interest in a portfolio of Australian power generation and energy sales assets formerly 100% held by the Group.

This transaction covered the Hazelwood coal-fired power plant, Synergen and Pelican Point gas-fired power plants, the Canunda wind farm and the gas and electricity sales business Simply Energy.

The transaction took the form of a capital increase fully subscribed by Mitsui & Co. Ltd. Mitsui paid AUD 416 million (€301 million) for 127,623,432 new shares representing 28% of the capital of IP Australia Holdings Pty Ltd which owns 100% of the five assets concerned. As this was a transaction between owners, the difference between the disposal price and carrying amount of the investment, i.e. €11 million, was recorded against shareholders' equity. At December 31, 2013, the Mitsui & Co. Ltd.'s 28% accounting non-controlling interest in the Australian energy business portfolio amounted to €289 million.

### 2.2.5 Disposal of thermal power plants in the United States

#### 2.2.5.1 Disposal of the Red Hills power plant

On February 28, 2013, the Group sold its subsidiary Red Hills, a 440 MW coal-fired power plant in Mississippi.

The disposal generated a capital gain of €34 million and led to a €226 million reduction in net debt.

#### 2.2.5.2 Sale of 20.6% of Astoria Energy, Phase I power plant

On October 31, 2013, the Group finalized an agreement to sell a 20.6% stake in the capital of Astoria Energy, Phase I, a subsidiary which operates a 575 MW combined cycle power plant in the State of New York, to Mizuho for a total amount of USD 109 million (€82 million).

The Group's residual 44.8% equity interest in Astoria Energy, Phase I (corresponding to 36.8% of voting rights) will be accounted for under the equity method. Its carrying amount was €178 million at December 31, 2013.



This transaction generated in the Group's financial statements a €453 million decrease in net debt (i.e., consideration of €82 million received plus the impact of derecognized net debt of €371 million previously carried on the books of Astoria Energy, Phase I).

## 2.2.6 Sale of a 33.2% stake in NOGAT (Netherlands)

On October 31, 2013, the Group finalized an agreement to sell a 33.2% stake in NOGAT BV to the German pension fund PGGM for an amount of €182 million. NOGAT BV operates an offshore pipeline network that transports North Sea gas to a Dutch on-shore treatment plant.

As it remains under joint control, the Group's remaining 15% stake in NOGAT BV will continue to be accounted under the proportionate method. A gain on disposal of €14 million was reported at December 31, 2013.

## 2.2.7 Disposal of KAPCO (Pakistan)

In July, 2013, the Group sold its entire 36% interest in Kot Addu Power Company Ltd (KAPCO), an independent power producer in Pakistan, for 14.6 billion Pakistani rupees (€107 million). This transaction did not have a material impact on the Group's consolidated income statement at December 31, 2013.

## 2.3 Assets held for sale

Total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €3,620 million and €2,521 million, respectively, at December 31, 2013.

The main categories of assets and liabilities reclassified on these two lines of the statement of financial position are detailed below:

| <i>In millions of euros</i>                                                          | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|--------------------------------------------------------------------------------------|----------------------|----------------------|
| Property, plant and equipment, net                                                   | 3,279                | 2,282                |
| Other assets                                                                         | 342                  | 864                  |
| <b>TOTAL ASSETS CLASSIFIED AS HELD FOR SALE</b>                                      | <b>3,620</b>         | <b>3,145</b>         |
| Borrowings and debt                                                                  | 2,175                | 1,259                |
| Other liabilities                                                                    | 347                  | 616                  |
| <b>TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE</b> | <b>2,521</b>         | <b>1,875</b>         |

At December 31, 2013, "Assets held for sale" included the 60% equity interest in Energia Sustentável do Brasil (Jirau) and the French subsidiary Futures Energies Investissement Holding. This reclassification reduces consolidated net debt by an additional €2,146 million.

The Group completed the sale of Energia Sustentável do Brasil in January 2014 and expects to finalize the sale of part of its stake in Futures Energies Investissement Holding during the first half of 2014.

All "Assets held for sale" at December 31, 2012 (SPP in Slovakia, IP Maestrale in Italy and Germany, and Sohar Power Company SAOG in Oman) were sold in 2013 (see Note 2.2 "Disposals carried out in 2013").

### 2.3.1 Energia Sustentável do Brasil – "Jirau" (Brazil)

On May 13, 2013, the Group announced an agreement with Mitsui & Co. Ltd. concerning the Jirau hydro power plant in Brazil. Pursuant to the agreement, the Group would sell to Mitsui & Co. Ltd. a 20% equity

interest in Energia Sustentável do Brasil (ESBR), which was created to build, own and operate the 3,750 MW Jirau hydro power plant.

At December 31, 2013, the conditions precedent for the completion of the transaction (including authorization from the antitrust authorities and the energy regulation agency) had not been fulfilled. Accordingly, the assets and liabilities of the 60% proportionately consolidated interest in ESBR were classified under "Assets held for sale". This reclassification led to a €1,894 million decrease in the Group's net debt at December 31, 2013.

This disposal was completed on January 16, 2014. The Group received consideration of BRL 1,024 million (€318 million). At the date when the 2013 consolidated financial statements were authorised for issue, this transaction decreased the Group's net debt by an amount of €2,212 million (i.e., derecognition of ESBR's net debt of €1,894 million plus €318 million in consideration received).

Following this transaction, GDF SUEZ's residual 40% stake in ESBR is accounted for under the equity method.

### 2.3.2 Futures Energies Investissement Holding (France)

On December 9, 2013, the Group announced that it had reached an agreement with Crédit Agricole Assurances (via its subsidiary Predica) regarding the sale of 50% of Futures Energies Investissement Holding's share capital, a transaction that will result in the loss of control over this subsidiary. This entity operates a wind energy asset portfolio in France with a total installed capacity of 426 MW.

At December 31, 2013, the conditions precedent for the completion of the transaction had not been fulfilled. Accordingly, the assets and liabilities of Futures Energies Investissement Holding were classified within "Assets held for sale". This reclassification led to a €252 million decrease in the Group's net debt at December 31, 2013.

The Group expects to finalize this transaction during the first half of 2014.

### 2.4 Other transactions in 2013

#### 2.4.1 Acquisition of Balfour Beatty Workplace

On December 13, 2013, the Group finalized the acquisition of Balfour Beatty Workplace comprising the UK Facility Management business of the Balfour Beatty Group.

Provisional goodwill of €145 million was recorded in respect of this acquisition at December 31, 2013 and the purchase price allocation will be finalized in 2014.

#### 2.4.2 Other transactions

Various other acquisitions, equity transactions and disposals took place in 2013 (notably the acquisition of a controlling interest in Meenakshi Energy which operates a coal-fired power plant in India, and the acquisition of a Polish heating network portfolio). The individual and aggregated impacts of these transactions on the consolidated financial statements for the year ended December 31, 2013 are not material.

### 2.5 International Power - Main transactions in 2012

#### 2.5.1 Acquisition of non-controlling interests in International Power

On June 29, 2012, the Group completed the acquisition of the 30.26% non-controlling interest in International Power following the approval of the transaction by the UK authorities. GDF SUEZ now holds 100% of the voting rights of the International Power Group.

The purchase price of the 1,542 million ordinary International Power plc shares which were not yet held by the Group amounted to €7,974 million (GBP 6,445 million). On July 12, 2012, a cash payment of €7,875 million was made and loan notes with a nominal value of €99 million were issued.

#### 2.5.2 Purchase of International Power plc shares arising from the conversion of bonds into International Power plc shares

During the third quarter of 2012, the Group purchased 346 million International Power plc shares that had been created following the conversions carried out between July 1 and August 28, 2012 by the holders of bonds convertible into International Power plc shares. The total consideration paid amounted to €1,828 million and the Group redeemed all outstanding unconverted bonds at par at a cost of €25 million.

#### 2.5.3 Impact on the consolidated financial statements at December 31, 2012

The table below summarizes the individual and aggregate impact of the transactions described in sections 2.5.1 and 2.5.2 on cash flows, net debt and equity.

| <i>In millions of euros</i>                                                                                                                 | Disbursement made | Increase in net debt | Impact recognized in shareholders' equity | Impact recognized in non-controlling interests | Impact on total equity |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|-------------------------------------------|------------------------------------------------|------------------------|
| Acquisition of 30.26% of non-controlling interests in International Power                                                                   | 7,875             | 7,974                | (2,133)                                   | (5,841)                                        | (7,974)                |
| Transaction fees                                                                                                                            | 112               | 112                  | (88)                                      | -                                              | (88)                   |
| Purchase of the International Power plc shares issued following the conversion of the bonds convertible into International Power plc shares | 1,828             | 723                  | (288)                                     | -                                              | (288)                  |
| Repayment at par of the balance of the bonds convertible into International Power shares plc                                                | 25                | -                    | -                                         | -                                              | -                      |
| <b>TOTAL</b>                                                                                                                                | <b>9,840</b>      | <b>8,809</b>         | <b>(2,509)</b>                            | <b>(5,841)</b>                                 | <b>(8,350)</b>         |



### Acquisition of the 30.26% non-controlling interest in International Power

As the transaction was carried out between owners, the €2,133 million difference between the purchase price of €7,974 million and the carrying amount of the 30.26% non-controlling interest was recognized as a deduction from shareholders' equity.

Including transaction fees of €112 million, which were also recognized as a deduction from shareholders' equity, this transaction resulted in a total decrease in equity of €8,062 million at December 31, 2012.

### Purchase of the International Power plc shares arising from convertible bonds and redemption of outstanding convertible bonds

The purchase of International Power plc shares for an amount of €1,828 million and redemption of the outstanding convertible bonds

for €25 million increased net debt by €723 million, based on the derecognition of €1,130 million in borrowings and debt on bonds converted or redeemed.

This negative €288 million impact on shareholders' equity corresponds to the difference between the €1,828 million purchase price, the carrying amount of the corresponding convertible bonds (€1,635 million) and the related deferred tax assets (€95 million) in the statement of financial position prior to the completion of these transactions. The total carrying amount of these convertible bonds comprised the following: borrowings and debt of €1,105 million; a derivative liability of €505 million corresponding to the optional component of the US-dollar denominated International Power plc convertible bonds; and the optional component of the euro-denominated convertible bonds accounted for in non-controlling interests for an amount of €25 million.

## 2.6 Other changes in Group structure during 2012

| <i>In millions of euros</i>                                                       | <b>Disposal price</b> | <b>Decrease in net debt</b> | <b>Net gain (loss) on disposals, and changes in scope recognized in income</b> |
|-----------------------------------------------------------------------------------|-----------------------|-----------------------------|--------------------------------------------------------------------------------|
| Disposal of 60% of the Canadian renewable energy activities                       | 351                   | (952)                       | 136                                                                            |
| Disposal of thermal power plants in the United States                             |                       |                             |                                                                                |
| <i>of which disposal of the Choctaw power plant</i>                               | 200                   | (74)                        | 4                                                                              |
| <i>of which disposal of the Hot Spring power plant</i>                            | 200                   | (196)                       | (3)                                                                            |
| <i>of which disposal of other assets</i>                                          | 45                    | (41)                        | (5)                                                                            |
| Disposal of the interest in Sibelga – electricity and gas distribution in Belgium | 211                   | (209)                       | 105                                                                            |
| Disposal of 40% in Hidd Power Company (Bahrain)                                   | 87                    | (87)                        | -                                                                              |
| Disposal of Eurawasser (Germany)                                                  | 95                    | (89)                        | 34                                                                             |
| Disposal of Breeze II (Germany/ France)                                           | 30                    | (283)                       | (35)                                                                           |
| Disposal of the 17.44% interest in HUBCO (Pakistan)                               | 52                    | (52)                        | (9)                                                                            |
| Other                                                                             | 48                    | (42)                        | (3)                                                                            |
| <b>TOTAL</b>                                                                      |                       | <b>(2,026)</b>              | <b>222</b>                                                                     |

### 2.6.1 Disposal of 60% of the Canadian renewable energy activities

On December 14, 2012, GDF SUEZ sold 60% of its Canadian renewable energy portfolio to Mitsui & Co. Ltd. and a consortium headed by Fiera Axiom Infrastructure Inc. for CAD 451 million (€351 million). The Group's residual 40% interest in the Canadian renewable energy activities will now be accounted for under the equity method.

### 2.6.2 Disposal of thermal power plants in the United States

#### 2.6.2.1 Disposal of the Choctaw plant

On February 7, 2012, the Group finalized the sale of the 746 MW Choctaw combined cycle plant in Mississippi for a total of USD 259 million (€200 million). An initial payment of USD 96 million (€74 million) was made in February 2012 and the balance was paid in January 2013 (see Note 2.2 "Disposals carried out in 2013").

### 2.6.2.2 Disposal of the Hot Spring plant

On September 10, 2012, the Group finalized the sale of the 746 MW Hot Spring combined cycle plant in Arkansas for a total of USD 257 million (€200 million).

### 2.6.3 Disposal of the interest in Sibelga (electricity and gas distribution in Belgium)

On December 31, 2012, Electrabel sold its 30% interest in Sibelga – the Brussels gas and electricity distribution network operator – to the public inter-municipal company Interfin for €211 million.

This transaction was in continuity with the agreements previously entered into by the Group and the public sector as part of the deregulation of the energy markets, and with the European Union and the Belgian Government's desire to boost the independence of transportation and distribution network operators.

## 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 Group's Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8.

Since the end of SUEZ Environnement shareholders' agreement on July 22, 2013, the Group accounts its share under the equity method (see Note 2.1 "Loss of control of SUEZ Environnement").

The Group is now organized around the following five operating segments: GDF SUEZ Energy International, GDF SUEZ Energy Europe, GDF SUEZ Global Gas & LNG, GDF SUEZ Infrastructures and GDF SUEZ Energy Services.

- ▶ **GDF SUEZ Energy International business line:** these subsidiaries produce and market power in North America, Latin America, Asia-Pacific, the United Kingdom and Other Europe and the Middle East. They also distribute and market gas in North America, Latin America, Asia and Turkey. GDF SUEZ Energy International is active in LNG import and regasification in North America and Chile and seawater desalination in the Arabian peninsula.
- ▶ **GDF SUEZ Energy Europe business line** carries out activities involving electricity production and energy sales in continental Europe. It operates the Group's assets in continental Europe in the fields of gas (excluding infrastructures managed by the GDF SUEZ Infrastructures business line) and electricity (excluding certain assets historically operated by GDF SUEZ Energy International notably in Italy and in the Netherlands).
- ▶ **GDF SUEZ Global Gas & LNG business line** carries out upstream activities of the natural gas value chain. In the area of exploration and production, the business line engages in the exploration, development and operation of oil and gas fields. On the LNG chain, the business line manages a long-term gas supply contract portfolio and interests in liquefaction facilities, operates a LNG fleet, and owns regasification capacities in LNG terminals. Global Gas & LNG is selling a portion of its LNG supply contracts to other Group entities and, in particular, the "Gas Supply" activity of the GDF SUEZ Energy Europe business line.

▶ **GDF SUEZ Infrastructures business line:** subsidiaries in this segment operate natural 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.

▶ **GDF SUEZ Energy Services business line:** these subsidiaries design and implement environmental and energy efficiency solutions through multi-technical services in the fields of engineering, installations, and energy services.

▶ **SUEZ Environnement** was a separate business line until July 22, 2013. As such its contribution to the income statement key indicators in 2013 (until the loss in control) and 2012 accounts remain presented under a specific line of the segment information. From now on, the SUEZ Environnement contribution to the statement of financial position key indicators are shown in the "Other" line.

SUEZ Environnement subsidiaries 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, industrial capital employed and capital expenditure (CAPEX) are reconciled with the consolidated financial statements.

The main relationships between operating segments other than the GDF SUEZ Global Gas & LNG supply contracts to GDF SUEZ Energy Europe concern GDF SUEZ Infrastructures business line and GDF SUEZ Energy Europe.



Services relating to the use of the Group's gas infrastructures in France are billed based on regulated fees applicable to all network users, except for storage infrastructure. The prices for reservations and use of storage facilities are established by storage operators and notably based on auctions of available capacity.

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

| In millions of euros                                 | Dec. 31, 2013     |                      |               | Dec. 31, 2012     |                      |               |
|------------------------------------------------------|-------------------|----------------------|---------------|-------------------|----------------------|---------------|
|                                                      | External revenues | Intra-Group Revenues | Total         | External revenues | Intra-Group Revenues | Total         |
| Energy International                                 | 14,833            | 818                  | 15,651        | 16,044            | 435                  | 16,480        |
| Energy Europe                                        | 43,479            | 1,530                | 45,010        | 44,418            | 1,666                | 46,084        |
| Global Gas & LNG                                     | 5,685             | 2,760                | 8,445         | 4,759             | 3,186                | 7,945         |
| Infrastructures                                      | 2,574             | 4,218                | 6,792         | 2,031             | 4,184                | 6,216         |
| Energy Services                                      | 14,698            | 229                  | 14,927        | 14,693            | 230                  | 14,923        |
| Elimination of internal transactions                 | 9                 | (9,556)              | (9,547)       | 15                | (9,702)              | (9,687)       |
| <b>TOTAL REVENUES (EXCLUDING SUEZ ENVIRONNEMENT)</b> | <b>81,278</b>     | <b>-</b>             | <b>81,278</b> | <b>81,960</b>     | <b>-</b>             | <b>81,960</b> |
| SUEZ Environnement <sup>(1)</sup>                    | 8,031             | 6                    | 8,037         | 15,093            | 10                   | 15,103        |
| Elimination of internal transactions                 | (9)               | (6)                  | (15)          | (15)              | (10)                 | (25)          |
| <b>TOTAL REVENUES</b>                                | <b>89,300</b>     | <b>-</b>             | <b>89,300</b> | <b>97,038</b>     | <b>-</b>             | <b>97,038</b> |

(1) SUEZ Environnement fully consolidated until July 22, 2013.

### EBITDA

| In millions of euros                               | Dec. 31, 2013 | Dec. 31, 2012 |
|----------------------------------------------------|---------------|---------------|
| Energy International <sup>(1)</sup>                | 3,871         | 4,304         |
| Energy Europe                                      | 3,415         | 4,180         |
| Global Gas & LNG                                   | 2,124         | 2,377         |
| Infrastructures                                    | 3,370         | 3,049         |
| Energy Services                                    | 1,068         | 1,018         |
| Other <sup>(1)</sup>                               | (430)         | (328)         |
| <b>TOTAL EBITDA (EXCLUDING SUEZ ENVIRONNEMENT)</b> | <b>13,419</b> | <b>14,600</b> |
| SUEZ Environnement <sup>(2)</sup>                  | 1,356         | 2,426         |
| <b>TOTAL EBITDA</b>                                | <b>14,775</b> | <b>17,026</b> |

(1) Restated for re-allocation of corporate costs previously included in "Other".

(2) SUEZ Environnement fully consolidated until July 22, 2013.



### CURRENT OPERATING INCOME (COI)

| <i>In millions of euros</i>                                          | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|----------------------------------------------------------------------|----------------------|----------------------|
| Energy International <sup>(1)</sup>                                  | 2,635                | 2,902                |
| Energy Europe                                                        | 1,452                | 2,494                |
| Global Gas & LNG                                                     | 940                  | 1,119                |
| Infrastructures                                                      | 2,063                | 1,805                |
| Energy Services                                                      | 705                  | 660                  |
| Other <sup>(1)</sup>                                                 | (554)                | (581)                |
| <b>TOTAL CURRENT OPERATING INCOME (EXCLUDING SUEZ ENVIRONNEMENT)</b> | <b>7,241</b>         | <b>8,399</b>         |
| SUEZ Environnement <sup>(2)</sup>                                    | 588                  | 1,121                |
| <b>TOTAL CURRENT OPERATING INCOME</b>                                | <b>7,828</b>         | <b>9,520</b>         |

(1) Restated for re-allocation of corporate costs previously included in "Other".

(2) SUEZ Environnement fully consolidated until July 22, 2013.

### DEPRECIATION AND AMORTIZATION

| <i>In millions of euros</i>                                               | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|---------------------------------------------------------------------------|----------------------|----------------------|
| Energy International                                                      | (1,142)              | (1,391)              |
| Energy Europe                                                             | (1,491)              | (1,567)              |
| Global Gas & LNG                                                          | (931)                | (1,202)              |
| Infrastructures                                                           | (1,285)              | (1,233)              |
| Energy Services                                                           | (321)                | (335)                |
| Other                                                                     | (110)                | (111)                |
| <b>TOTAL DEPRECIATION AND AMORTIZATION (EXCLUDING SUEZ ENVIRONNEMENT)</b> | <b>(5,281)</b>       | <b>(5,840)</b>       |
| SUEZ Environnement <sup>(1)</sup>                                         | (613)                | (1,101)              |
| <b>TOTAL DEPRECIATION AND AMORTIZATION</b>                                | <b>(5,895)</b>       | <b>(6,941)</b>       |

(1) SUEZ Environnement fully consolidated until July 22, 2013.

### INDUSTRIAL CAPITAL EMPLOYED

| <i>In millions of euros</i>                                                 | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012<sup>(1)</sup></b> |
|-----------------------------------------------------------------------------|----------------------|------------------------------------|
| Energy International                                                        | 21,588               | 27,827                             |
| Energy Europe                                                               | 15,373               | 24,018                             |
| Global Gas & LNG                                                            | 4,569                | 4,967                              |
| Infrastructures                                                             | 19,168               | 20,877                             |
| Energy Services                                                             | 3,534                | 3,141                              |
| Other                                                                       | 3,561                | 973                                |
| <i>Of which SUEZ Environnement equity value at December 31, 2013</i>        | <i>1,891</i>         | <i>-</i>                           |
| <b>TOTAL INDUSTRIAL CAPITAL EMPLOYED</b>                                    | <b>67,793</b>        | <b>81,804</b>                      |
| <b>RECONCILIATION WITH INDUSTRIAL CAPITAL EMPLOYED AT DECEMBER 31, 2012</b> |                      |                                    |
| SUEZ Environnement <sup>(2)</sup>                                           |                      | 13,677                             |
| <b>TOTAL INDUSTRIAL CAPITAL EMPLOYED AT DECEMBER 31, 2012</b>               |                      | <b>95,480</b>                      |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

(2) SUEZ Environnement fully consolidated until July 22, 2013.

**CAPITAL EXPENDITURE (CAPEX)**

| <i>In millions of euros</i>                                     | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-----------------------------------------------------------------|----------------------|----------------------|
| Energy International                                            | 2,178                | 12,947               |
| Energy Europe                                                   | 1,584                | 2,408                |
| Global Gas & LNG                                                | 1,041                | 710                  |
| Infrastructures                                                 | 1,959                | 1,752                |
| Energy Services                                                 | 810                  | 535                  |
| Other                                                           | 81                   | 77                   |
| <b>TOTAL CAPITAL EXPENDITURE (EXCLUDING SUEZ ENVIRONNEMENT)</b> | <b>7,652</b>         | <b>18,427</b>        |
| SUEZ Environnement <sup>(1)</sup>                               | 677                  | 1,495                |
| <b>TOTAL CAPITAL EXPENDITURE</b>                                | <b>8,329</b>         | <b>19,923</b>        |

(1) SUEZ Environnement fully consolidated until July 22, 2013.

In 2012, the Energy International business line included the €9,815 million cash out relating to the acquisition of the non controlling interest in International Power.

**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.

| <i>In millions of euros</i> | <b>Revenues</b>      |                      | <b>Industrial capital employed</b> |                                     |
|-----------------------------|----------------------|----------------------|------------------------------------|-------------------------------------|
|                             | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> | <b>Dec. 31, 2013</b>               | <b>Dec. 31, 2012 <sup>(1)</sup></b> |
| France                      | 34,969               | 35,914               | 30,342                             | 33,990                              |
| Belgium                     | 10,884               | 11,110               | 2,701                              | 3,943                               |
| Other EU countries          | 24,436               | 28,978               | 12,591                             | 27,537                              |
| Other European countries    | 1,058                | 1,040                | 1,131                              | 1,426                               |
| North America               | 4,638                | 5,469                | 5,479                              | 9,118                               |
| Asia, Middle East & Oceania | 8,372                | 8,633                | 7,772                              | 9,155                               |
| South America               | 4,314                | 4,951                | 7,132                              | 10,091                              |
| Africa                      | 627                  | 941                  | 645                                | 219                                 |
| <b>TOTAL</b>                | <b>89,300</b>        | <b>97,038</b>        | <b>67,793</b>                      | <b>95,480</b>                       |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

The decrease in industrial capital employed mostly comes from changes in scope of consolidation (see Note 2 “Main changes in Group structure”). The main geographic areas concerned are:

- other EU countries, with the loss in control of SUEZ Environnement (Agbar), the disposal of SPP in Slovakia, of IP Maestrale in Italy and of a 50% stake in the portfolio of power generation assets in Portugal;

- North America, with the loss in control of SUEZ Environnement (United Water) and of Astoria Energy, Phase I power plant, and the disposal of Red Hills power plant;

- South America, with the classification of Energia Sustentável do Brasil (Jirau) as “Assets held for sale”.

France is less impacted, with the SUEZ Environnement entities being replaced by their equity value which is, by convention, presented in this area.



### 3.4 Reconciliation of indicators with consolidated financial statements

#### 3.4.1 Reconciliation of EBITDA with current operating income

The bridge between EBITDA and current operating income is explained as follows:

| <i>In millions of euros</i>                   | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-----------------------------------------------|----------------------|----------------------|
| <b>CURRENT OPERATING INCOME</b>               | <b>7,828</b>         | <b>9,520</b>         |
| Net depreciation, amortization and provisions | 6,600                | 7,113                |
| Share-based payments (IFRS 2) and other       | 99                   | 118                  |
| Net disbursements under concession contracts  | 247                  | 275                  |
| <b>EBITDA</b>                                 | <b>14,775</b>        | <b>17,026</b>        |

#### 3.4.2 Reconciliation of industrial capital employed with items in the statement of financial position

| <i>In millions of euros</i>                                                                   | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012<sup>(1)</sup></b> |
|-----------------------------------------------------------------------------------------------|----------------------|------------------------------------|
| (+) Property, plant and equipment and intangible assets, net                                  | 72,323               | 99,617                             |
| (+) Goodwill                                                                                  | 20,697               | 30,035                             |
| (-) Goodwill arising on the Gaz de France - SUEZ merger <sup>(2)</sup>                        | (8,562)              | (11,592)                           |
| (-) Goodwill arising on the International Power combination <sup>(2)</sup>                    | (2,406)              | (2,750)                            |
| (+) IFRIC 4 and IFRIC 12 receivables                                                          | 1,715                | 2,682                              |
| (+) Investments in associates                                                                 | 4,636                | 2,961                              |
| (+) Trade and other receivables                                                               | 21,318               | 25,034                             |
| (-) Margin calls <sup>(2) &amp; (3)</sup>                                                     | (992)                | (800)                              |
| (+) Inventories                                                                               | 5,070                | 5,423                              |
| (+) Other current and non-current assets                                                      | 8,952                | 9,974                              |
| (+) Deferred tax                                                                              | (9,130)              | (10,472)                           |
| (+) Carrying amount of the entities classified as "Assets held for sale"                      | 1,099                | 1,271                              |
| (-) Share in net equity to be disposed of in a third party transaction <sup>(4)</sup>         | (392)                | (1,271)                            |
| (-) Provisions                                                                                | (16,179)             | (17,552)                           |
| (+/-) Actuarial gains and losses in shareholders' equity (net of deferred tax) <sup>(2)</sup> | 962                  | 1,316                              |
| (-) Trade and other payables                                                                  | (16,599)             | (19,481)                           |
| (-) Margin calls <sup>(2) &amp; (3)</sup>                                                     | 243                  | 302                                |
| (-) Other liabilities                                                                         | (14,961)             | (19,219)                           |
| <b>INDUSTRIAL CAPITAL EMPLOYED</b>                                                            | <b>67,793</b>        | <b>95,480</b>                      |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

(2) 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.

(3) 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 commodity transactions.

(4) The related operations are detailed in Note 2.3 "Assets held for sale". The definition of industrial capital employed includes the carrying value of the share in net equity the Group will retain after the transaction. On the other hand, the share in net equity to be disposed of in a third party transaction is excluded.



### 3.4.3 Reconciliation of capital expenditure (CAPEX) with items in the statement of cash flows

| <i>In millions of euros</i>                                                            | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|----------------------------------------------------------------------------------------|----------------------|----------------------|
| Acquisitions of property, plant and equipment and intangible assets                    | 7,529                | 9,177                |
| Acquisition of control over subsidiaries net of the cash and cash equivalents acquired | 363                  | 103                  |
| (+) <i>Cash and cash equivalents acquired</i>                                          | 52                   | 60                   |
| Acquisitions of investments in associates and joint ventures                           | 166                  | 306                  |
| (+) <i>Cash and cash equivalents acquired</i>                                          | -                    | 12                   |
| Acquisitions of available-for-sale securities                                          | 143                  | 142                  |
| Change in loans and receivables originated by the Group and other                      | 6                    | 21                   |
| (+) <i>Other</i>                                                                       | (1)                  | 1                    |
| Change in ownership interests in controlled entities                                   | 71                   | 10,125               |
| (+) <i>Payments received in respect of the disposal of non-controlling interests</i>   | -                    | (24)                 |
| <b>TOTAL CAPITAL EXPENDITURE</b>                                                       | <b>8,329</b>         | <b>19,923</b>        |

## NOTE 4 CURRENT OPERATING INCOME

SUEZ Environnement's contribution is presented in Note 2.1 "Loss of control of SUEZ Environnement".

### 4.1 Revenues

Group revenues break down as follows:

| <i>In millions of euros</i>      | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|----------------------------------|----------------------|----------------------|
| Energy sales                     | 64,485               | 65,241               |
| Rendering of services            | 23,543               | 29,750               |
| Lease and construction contracts | 1,272                | 2,047                |
| <b>REVENUES</b>                  | <b>89,300</b>        | <b>97,038</b>        |

In 2013, revenues from lease and construction contracts amounted to €918 million and €354 million, respectively (€1,128 million and €919 million in 2012).

### 4.2 Personnel costs

| <i>In millions of euros</i>                                 | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-------------------------------------------------------------|----------------------|----------------------|
| Short-term benefits                                         | (11,107)             | (12,627)             |
| Share-based payments (see Note 24)                          | (93)                 | (114)                |
| Costs related to defined benefit plans (see Note 19.3.4)    | (381)                | (340)                |
| Costs related to defined contribution plans (see Note 19.4) | (123)                | (153)                |
| <b>PERSONNEL COSTS</b>                                      | <b>(11,704)</b>      | <b>(13,234)</b>      |



### 4.3 Depreciation, amortization and provisions

| <i>In millions of euros</i>                                                  | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|------------------------------------------------------------------------------|----------------------|----------------------|
| Depreciation and amortization (see Notes 11 and 12)                          | (5,895)              | (6,941)              |
| Net change in write-downs of inventories, trade receivables and other assets | (298)                | (194)                |
| Net change in provisions (see Note 18)                                       | (408)                | 22                   |
| <b>DEPRECIATION, AMORTIZATION AND PROVISIONS</b>                             | <b>(6,600)</b>       | <b>(7,113)</b>       |

Depreciation and amortization break down as €973 million for intangible assets and €4,940 million for property, plant and equipment. A breakdown by type of asset is provided in Notes 11 "Intangible assets" and 12 "Property, plant and equipment".

## NOTE 5 INCOME/(LOSS) FROM OPERATING ACTIVITIES

| <i>In millions of euros</i>                                          | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|----------------------------------------------------------------------|----------------------|----------------------|
| <b>CURRENT OPERATING INCOME</b>                                      | <b>7,828</b>         | <b>9,520</b>         |
| Mark-to-market on commodity contracts other than trading instruments | (226)                | 109                  |
| Impairment losses                                                    | (14,943)             | (2,474)              |
| Restructuring costs                                                  | (305)                | (342)                |
| Changes in scope of consolidation                                    | 406                  | 155                  |
| Other non-recurring items                                            | 545                  | 165                  |
| <b>INCOME/(LOSS) FROM OPERATING ACTIVITIES</b>                       | <b>(6,695)</b>       | <b>7,133</b>         |

### 5.1 Mark-to-market on commodity contracts other than trading instruments

In 2013, this item represents a net loss of €226 million, compared with a net gain of €109 million in 2012, mainly reflecting:

- changes in the fair value of (i) electricity and natural gas sale and purchase contracts falling within the scope of IAS 39 and (ii) financial instruments used as hedges but not eligible for hedge

accounting, resulting in a net loss of €228 million (compared with a net gain of €138 million in 2012). This loss is mainly due to a negative price effect related to changes in the forward prices of the underlying commodities during the period. It also includes the negative impact of the settlement of positions with a positive market value at December 31, 2012;

- the ineffective portion of cash flow hedges, representing a gain of €2 million (compared to a loss of €29 million in 2012).



## 5.2 Impairment losses

*In millions of euros*

|                                                           | Dec. 31, 2013   | Dec. 31, 2012  |
|-----------------------------------------------------------|-----------------|----------------|
| <b>Impairment losses:</b>                                 |                 |                |
| Goodwill                                                  | (5,775)         | (294)          |
| Property, plant and equipment and other intangible assets | (9,103)         | (1,899)        |
| Financial assets                                          | (88)            | (212)          |
| Investments in associates                                 | -               | (144)          |
| <b>TOTAL IMPAIRMENT LOSSES</b>                            | <b>(14,966)</b> | <b>(2,549)</b> |
| <b>Reversals of impairment losses:</b>                    |                 |                |
| Property, plant and equipment and other intangible assets | 12              | 67             |
| Financial assets                                          | 11              | 8              |
| <b>TOTAL REVERSALS AND IMPAIRMENT LOSSES</b>              | <b>23</b>       | <b>75</b>      |
| <b>TOTAL</b>                                              | <b>(14,943)</b> | <b>(2,474)</b> |

Impairment losses of €14,943 million primarily relate to the GDF SUEZ Energy Europe (€10,108 million) and GDF SUEZ Infrastructures (€3,146 million) business lines.

After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on net income/(loss) Group share for 2013 amounts to €12,821 million.



## Notes to the consolidated financial statements

### NOTE 5 INCOME/(LOSS) FROM OPERATING ACTIVITIES

The impairment losses recognized against goodwill, property, plant and equipment and intangible assets at December 31, 2013 can be analyzed as follows:

| <i>In millions of euros</i>                                                        | Country                | Impairment losses on goodwill | Impairment losses on property, plant and equipment and other intangible assets | Total impairment losses | Valuation method   | Discount rate |
|------------------------------------------------------------------------------------|------------------------|-------------------------------|--------------------------------------------------------------------------------|-------------------------|--------------------|---------------|
| <b>Energy – Central Western Europe goodwill CGU</b>                                |                        |                               |                                                                                |                         |                    |               |
|                                                                                    |                        | (3,862)                       | (4,219)                                                                        | (8,081)                 | Value-in-use – DCF | 6.5-9.0%      |
| o/w impairment losses on thermal power plants:                                     |                        |                               | (3,765)                                                                        |                         |                    |               |
| o/w                                                                                | Germany                |                               | (1,252)                                                                        |                         | Value-in-use – DCF | 6.6%-8.6%     |
| o/w                                                                                | Netherlands            |                               | (1,171)                                                                        |                         | Value-in-use – DCF | 7.5%-8.6%     |
| o/w                                                                                | Belgium/<br>Luxembourg |                               | (887)                                                                          |                         | Value-in-use – DCF | 8.6%          |
| o/w                                                                                | France                 |                               | (455)                                                                          |                         | Value-in-use – DCF | 7.5%-8.1%     |
| o/w impairment losses on other property, plant and equipment and intangible assets |                        |                               | (454)                                                                          |                         |                    |               |
| <b>Storage goodwill CGU</b>                                                        |                        | (1,250)                       | (1,896)                                                                        | (3,146)                 | Value-in-use – DCF | 5.2%-9.2%     |
| o/w impairment losses on gas storage facilities in Europe:                         |                        |                               | (1,896)                                                                        |                         |                    |               |
| o/w                                                                                | France                 |                               | (1,083)                                                                        |                         | Value-in-use – DCF | 6.5%          |
| o/w                                                                                | Germany                |                               | (415)                                                                          |                         | Value-in-use – DCF | 5.2%-9.2%     |
| o/w                                                                                | United Kingdom         |                               | (398)                                                                          |                         | Value-in-use – DCF | 8.5%          |
| <b>Energy – Southern Europe goodwill CGU</b>                                       |                        | (252)                         | (1,195)                                                                        | (1,447)                 | Value-in-use – DCF | 6.8%-13.0%    |
| o/w impairment losses on thermal power generation assets:                          |                        |                               |                                                                                |                         |                    |               |
|                                                                                    | Italy                  |                               | (1,013)                                                                        |                         | Value-in-use – DCF | 7.5%          |
| o/w impairment losses on customer relationships                                    |                        |                               | (144)                                                                          |                         | Value-in-use – DCF | 9.0%          |
| o/w other thermal assets                                                           |                        |                               | (38)                                                                           |                         | Value-in-use – DCF | 11.9%         |
| <b>Energy – Eastern Europe goodwill CGU</b>                                        |                        | (264)                         | (178)                                                                          | (442)                   | Value-in-use – DCF | 8.5%-12.3%    |
| o/w other thermal assets                                                           |                        |                               | (123)                                                                          |                         | Value-in-use – DCF | 11.3%         |
| o/w other                                                                          |                        |                               | (55)                                                                           |                         |                    |               |
| <b>Energy – Spain goodwill CGU</b>                                                 |                        | (60)                          | (78)                                                                           | (138)                   | Value-in-use – DCF | 6.8%-8.4%     |
| o/w impairment losses on a thermal power plant                                     |                        |                               | (78)                                                                           |                         | Value-in-use – DCF | 7.8%          |
| <b>Other impairment losses in Europe</b>                                           |                        |                               | (459)                                                                          | (459)                   |                    |               |
| o/w impairment losses on thermal power plants                                      |                        |                               |                                                                                |                         |                    |               |
|                                                                                    | United Kingdom         |                               | (459)                                                                          |                         | Value-in-use – DCF | 8.2%-8.7%     |
| <b>TOTAL IMPAIRMENT LOSSES RELATING TO EUROPEAN BUSINESS</b>                       |                        | (5,688)                       | (8,025)                                                                        | (13,713)                |                    |               |
| <b>Other impairment losses:</b>                                                    |                        | (87)                          | (1,079)                                                                        | (1,166)                 |                    |               |
| Offshore regasification LNG terminal                                               |                        |                               | (263)                                                                          |                         | Fair value         |               |
| Other                                                                              |                        |                               | (87)                                                                           | (816)                   |                    |               |
| <b>GROUP TOTAL</b>                                                                 |                        | (5,775)                       | (9,103)                                                                        | (14,878)                |                    |               |



In Europe, the Group faces a tough economic environment which is durably affecting the profitability of its power generation activities and underground natural gas storage business.

In 2013, the market fundamentals of the countries where the Group operates have again deteriorated with notably new decreases in the demand of gas and electricity, the commissioning of new renewable capacities generated additional over-capacities which trigger the new drop in the running hours of the thermal power plants and electricity prices which remained at very low levels.

In this context, gas-fired power plants are the power generation assets worst hit by this morose environment: their load factors continue to fall, squeezed by a combination of sluggish demand, the fast-paced development of renewable energy and current competition from coal-fired power plants.

The load factors for combined-cycle gas-fired power plants in France were around 15% in 2013, down from an almost 50% historical. This trend can be observed in every European country in which the Group operates.

Margins on the marketing and sales and the gas midstream activities are squeezed by competitive pressure related to the increase in the supply of gas and in the demand for solutions indexed to market gas prices.

The sales of underground gas storage capacities have also been affected by the depressed market fundamentals described here before. In summer 2013, the forward TTF market prices of the natural gas seasonal spreads have again dropped and amount to around 1€ per MWh, representing one of the lowest level ever seen. This contraction in seasonal spreads affects sales prices in France as well as sales volumes for certain capacity sales contracts (whose prices are closely correlated to seasonal spreads). The volume of unsold capacity in France represented 18.3 TWh in 2013 (12 TWh in 2011 and 2012), or 17% of the total marketable capacity in France.

In view of this market environment in Europe, and as no signs of recovery are observed for the short and medium term, the Group adopted at the end of 2013 a new reference scenario for the period 2014-2035. The vision expressed by the Group in this scenario results in thermal power plants which will be increasingly used to fill the remaining capacity gap and ensure the security of supply within the electricity system by adjusting supply in line with demand during periods of lower renewable energy production (the production of renewable energy is inherently irregular).

The annual 2013 impairment tests carried out on European CGUs take into account these structural developments as well as the lasting decline in electricity prices and seasonal natural gas spreads.

The Group recognized total impairment losses of €13,713 million against its European operations, including €5,688 million relating to goodwill, €5,476 million relating to thermal power generation assets and €2,549 million relating to other property, plant and equipment and intangible assets.

### 5.2.1 Additional information regarding impairment losses booked in 2013

The price forecasts used to determine the value in use of CGUs are taken from the Group's reference scenario for the period 2014-2035. The various forecasts that feature in the Group's reference scenario were approved by the Group Management Committee in December 2013. The forecasts and projections included in this scenario were determined as follows:

- forecasts for the 2014-2016 period were calculated using forward market prices for fuel, CO<sub>2</sub> and electricity over the liquidity period;
- beyond this period, medium- and long-term energy prices were determined by the Group based on macroeconomic assumptions and fundamental supply and demand equilibrium models, the results of which are regularly compared against forecasts prepared by external energy sector specialists. More specifically, medium- and long-term electricity prices were determined by the Group using electricity demand forecasting models, medium- and long-term forecasts of fuel and CO<sub>2</sub> prices, and expected trends in installed capacity and in the technology mix of the production assets within the power generation system.

### 5.2.2 Energy – Central Western Europe CGU

The Central Western Europe (CWE) CGU groups together natural gas supply, trading, marketing and sales activities, along with power generation and the sale of energy in France, Belgium, the Netherlands, Luxembourg and Germany. The power stations represent in Group share 23,866 MW and include mainly nuclear power plants in Belgium (4,134 MW), drawing rights on nuclear facilities in France (1,209 MW), hydropower plants in France (2,330 MW), and thermal power plants (11,300 MW). The total amount of goodwill allocated to this CGU prior to the 2013 impairment test was €12,336 million.

The value in use of the CWE CGU was calculated using the cash flow forecasts drawn up on the basis of the 2014 budget and the 2015-2019 medium-term business plan approved by the Group Management Committee and Board of Directors. Cash flow forecasts beyond this six-year period were based on the reference scenario adopted by the Group.

Cash flow forecasts relating to the main contributing businesses for the period beyond the medium-term business plan were determined as described below:

| Activities                                                           | Assumptions applied beyond the term of the business plan                                                                                                                                                                        |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thermal (gas- and coal-fired power plants) and wind power generation | Cash flow projection over the useful life of generation assets and underlying agreements                                                                                                                                        |
| Nuclear power generation in Belgium                                  | Cash flow projection over the useful life of Tihange 1 (50 years), and over a technical life of 60 years for the Doel 3, Doel 4, Tihange 2 and Tihange 3 reactors                                                               |
| Drawing rights on Chooz B and Tricastin power plants                 | Cash flow projection over the remaining term of existing agreements plus assumption that drawing rights will be extended for a further ten years                                                                                |
| Hydropower generation in France                                      | Cash flow projection over the useful life of concessions plus assumption that concessions will be renewed                                                                                                                       |
| Natural gas supply, trading and marketing and sales activities       | Cash flow projections over a time period allowing for the convergence towards an expected price level and equilibrium, plus application of a terminal value based on normative cash flows using a long-term growth rate of 1.9% |

The discount rates applied to these cash flow forecasts range from 6.5% to 9%, depending on the risk profile of each business activity.

### Key assumptions used for impairment test

Key assumptions concern expected changes in the regulatory environment, in the demand for electricity and gas, and in the price of fuel, CO<sub>2</sub> and electricity beyond the liquidity period.

As regards the assumptions concerning the regulatory environment in Belgium, the Council of Ministers announced a series of decisions relating to the electricity market in July 2012 and July 2013.

In particular, in December 2013 the government confirmed the following schedule for the gradual phase-out of nuclear power:

- ▶ the Doel 1 and Doel 2 reactors will still be closed after an operating life of 40 years, i.e., on February 15, 2015 and December 1, 2015, respectively;
- ▶ the operating life of Tihange 1 will be extended by ten years, until October 1, 2025. In return, the Belgian government will receive a fee corresponding to 70% of the excess of the proceeds from electricity sales over the full cost of the reactor plus the remuneration of the investments needed to extend the useful life of this facility. This fee will replace the nuclear contribution attributable to Tihange I;
- ▶ the Doel 3, Tihange 2 and Tihange 3/Doel 4 reactors will be closed in 2022, 2023 and 2025 respectively, after 40 years of operation.

Due to the extension of operating life of Tihange I, the significance of nuclear power share in the Belgian energy mix, and the lack of a sufficiently detailed and attractive industrial plan enticing energy utilities to invest in replacement thermal capacity, the Group considers – as in 2012 – that nuclear power will still be needed to guarantee the energy equilibrium in Belgium after 2025. The value in use was therefore calculated based on an assumption that the operating life of the Doel 3, Doel 4, Tihange 2 and Tihange 3 reactors would be extended by 20 years. In return, the value in use calculated for the reactors whose operating life is extended is based on a principle of profit sharing with the Belgian State.

In France, the Group includes an assumption that its drawing rights on the Tricastin and Chooz B nuclear plants, expiring in 2031 and 2047, respectively, will be extended by ten years. Although no such decision has been taken by the government and the nuclear safety authority, the Group considers that extending the reactors' operating life is the most credible and likely scenario at this point in time. This is also consistent with the expected French energy mix featured in its reference scenario.

The normative margin associated with gas midstream activities represents the best estimate of the profitability of these businesses over the medium and long term. This normative margin is down on the assumptions adopted in 2012 due to a deterioration in market conditions.

The Group also assumed that its hydropower concession agreements would be renewed, particularly the agreement with Compagnie Nationale du Rhône expiring in 2023.

### Results of impairment test

The recoverable amount of the Central Western Europe goodwill CGU amounts to €18,953 million at December 31, 2013.

Within the CWE goodwill CGU, the impairment test carried out on the Assets CGU comprising thermal power plants in Central Western Europe led the Group to recognize an impairment loss of €3,765 million against the CGU's property, plant and equipment, which has been particularly hard hit by the deterioration in market conditions described above. The value in use of this CGU was determined based on the projected cash flows to be generated by the plants concerned over their useful lives. The cash flows are identical to those used to test the goodwill CGU for impairment. The discount rates used are between 6.6% and 8.6%.

Impairment tests were also performed on assets and businesses in specific situations, in particular assets within a selling process and whose fair value are below their carrying amounts. Impairment losses totaling €454 million euros were recognized against the property, plant and equipment and intangible assets concerned as a result of these tests.



Following these tests on the “CWE thermal power plants” CGU and other asset CGUs, the impairment test performed on the CWE CGU goodwill led to recognise an impairment loss of €3,862 million against goodwill.

In all, impairment losses recognized within the CWE goodwill CGU totaled €8,081 million. After taking into account the deferred tax effects and the share of write-downs attributable to non-controlling interests, the impact of these impairment losses on net income/(loss) Group share amounts to €7,050 million.

### Sensitivity analyses

A decrease of €1/MWh in electricity prices for nuclear and hydropower generation would lead to an additional impairment loss of €405 million. Conversely, an increase of €1/MWh in electricity prices would reduce impairment by €405 million.

A decrease of 5% in the margin captured by thermal power plants would lead to an additional impairment loss of €93 million. Conversely, an increase of 5% in the margin captured by thermal power plants would reduce impairment by €93 million.

A decrease of 5% in the margin on gas and electricity sales activities would lead to an additional impairment loss of €173 million. Conversely, an increase of 5% in the margin on gas and electricity sales activities would reduce impairment by €173 million.

An increase of 0.5% in the discount rates would lead to an additional impairment loss of €1,300 million. Conversely, a decrease of 0.5% in the discount rates would reduce impairment by €1,450 million.

Various transformational scenarios have been considered concerning nuclear power generation in Belgium after 2025:

- ▶ in the event of a ten-year extension of the operating lives of the Doel 3, Doel 4, Tihange 2 and Tihange 3 reactors and the subsequent disappearance of all nuclear components in the portfolio, an additional impairment loss of €2,100 million would need to be recognized;
- ▶ the disappearance of the entire nuclear component from the portfolio after 50 years of operation in the case of Tihange 1 and 40 years of operation for the other plants currently in use would lead to an additional impairment loss of €5,000 million;
- ▶ if the operating lives of the reactors were extended by 20 years and nuclear capacity was subsequently renewed at a level equivalent to the four reactors Doel 3, Doel 4, Tihange 2 and Tihange 3, impairment would be reduced by €850 million.

In France, if the drawing rights on the Chooz B and Tricastin reactors were not extended for a further ten years, the impairment loss would increase by €384 million.

For Belgian nuclear facilities and French hydropower plants under concession, the cash flows for the periods covered by the renewal of the hydropower concessions and the 20-year extension of the operating lives of the Doel 3, Doel 4, Tihange 2 and Tihange 3 reactors are based on a number of assumptions relating to the economic and regulatory conditions for operating these assets (royalty rates, required level of investment, etc.) during this period. A change in one or more of these inputs could lead to a material adjustment in the impairment recognized.

### 5.2.3 Storage CGU

The Storage CGU (GDF SUEZ Infrastructures business line) groups together the entities that own, operate, market and sell underground natural gas storage capacities in France, Germany, and the UK. The CGU includes 21 underground storage sites with a total storage capacity of 12.5 Gm<sup>3</sup>. The total amount of goodwill allocated to this CGU prior to the 2013 impairment test was €1,794 million.

The value in use of the Storage CGU was calculated using the cash flow forecasts drawn up on the basis of the 2014 budget and the 2015-2019 medium-term business plan approved by the Group Management Committee and Board of Directors. Cash flows beyond this six-year period were extrapolated.

Cash flows for storage activities in Germany and France were forecast up to 2022, which is when the Group estimates that seasonal spreads will have reached their long-term price equilibrium. A terminal value was calculated for 2023 by applying to the normative cash flows for 2022 a growth rate corresponding to the long-term inflation rate expected in the eurozone.

In the UK, cash flows were forecast over the contractual operating term of the site, i.e., until 2037.

The discount rates applied to these cash flow forecasts, which differ according to the risk profile of storage businesses (regulations specifying storage obligations in France; storage capacities sold under contracts spanning several years; storage capacities entirely subject to market risk), are 6.5% for France, 8.5% for the UK and between 5.2% and 9.2% for Germany.

### Key assumptions used for impairment test

Forecast capacity sales for storage activities in France and Germany depend on changes in market conditions, and particularly on seasonal natural gas spreads. For France, they also depend on expected changes in storage regulations set by the French government for natural gas suppliers.

A change in seasonal spreads would affect the level of revenues as a result of the impact of the spreads on (i) the sales price of certain capacity sales agreements which are closely correlated to spreads, and (ii) overall sales volumes.

Forecast seasonal natural gas spreads are based on:

- ▶ TTF gas forward prices over the liquidity period (up to 2016);
- ▶ beyond this period, the gas prices used to determine the seasonal spreads for 2017-2022 are estimated based on internal models that calculate expected gas prices drawing on various inputs such as macroeconomic assumptions, expected trends in the demand for gas in Europe and across the globe, expected changes in the gas supply and gas production costs in gas-producing countries, as well as assumptions concerning the development of gas infrastructures (LNG terminals, transportation capacity, storage sites, etc.).

In France, regulations governing access to underground natural gas storage capacity (third party access) require natural gas suppliers to hold adequate natural gas inventories to safeguard supplies for certain categories of end customers. To date, these regulations required suppliers as of November 1 to hold a minimum quantity of gas in inventory, based on the storage rights attached to their portfolio of domestic customers and customers serving the public interest.

The public authorities decided to change these storage obligations with the aim of better safeguarding supplies and has (i) introduced withdrawal obligations on top of these volume requirements, intended to meet peak-day winter demand and (ii) broadened the scope of customers covered by these storage obligations. In his draft decree, the Minister for Ecology, Sustainable Development and Energy took a number of provisional measures along these lines for winter 2014-2015 and increased minimum volume and peak-day demand requirements. However, any structural changes in the regulatory environment governing third party access as from winter 2015-2016 are not yet known and will not be determined until after the consultation process just launched by the government. Based on the measures included in the draft decree, the Group considered that storage obligations for all industry players in France are likely to represent 82 TWh (volume requirements) and 1,700 GWh/d (withdrawal requirements). The forecast cash flows therefore assume an increase in volumes sold as part of regulatory obligations, due to expected changes in regulations regarding third party access to storage capacities.

In the UK, the nature of the Stublach site (salt cavern with very high injection and withdrawal rates) means that forecast capacity sales primarily depend on assumptions regarding the volatility of gas prices on the UK market over the period concerned. Since future volatility in gas prices is difficult to predict, long-term volatility forecasts are based on an assumption of convergence towards historical levels of volatility.

### Results of the impairment test

The recoverable amount of the Storage CGU is €1,890 million at December 31, 2013. Since this amount is lower than the carrying amounts tested, the Group recognized a total impairment loss of €3,146 million, including €1,250 million relating to goodwill and €1,896 million relating to property, plant and equipment and intangible assets. After taking into account tax income of €485 million related to write-downs taken against property, plant and equipment and intangible assets, the impact of this impairment is €2,661 million.

This impairment loss reflects the durable decline in the profitability of storage activities in the European market. In view of the renewed decrease in forward prices relating to seasonal natural gas spreads observed in second-half 2013 for the period 2014-2016, a further rise in unsold capacity seen at the time of the 2013 sales campaign in France, and the deterioration in storage market fundamentals (sluggish gas demand, the increase in rival flexible gas solutions, excess storage capacity in continental Europe), the Group considered in its 2014-2019 medium-term business plan and in its cash flow forecasts beyond 2019 that seasonal spreads would not return to their previous historical levels.

### Sensitivity analyses

A 5% decrease in storage revenues in France and Germany over 2014-2022 and the normative cash flow used to calculate terminal value would lead to an additional impairment loss of approximately €450 million at December 31, 2013, assuming that the other impairment test assumptions remained unchanged. Conversely, an increase of 5% in storage sales would decrease the impairment loss by €450 million.

In France, a decrease of 10 TWh in the sales assumption relating to regulatory obligations as compared to the scenario used in the Group's forecasts would result in an additional impairment loss of €877 million. Conversely, an increase of 10 TWh would decrease the impairment loss by €608 million.

An increase of 0.5% in the discount rates used would lead to an additional impairment loss of €468 million. A decrease of 0.5% in the discount rates would decrease the impairment loss by €658 million.

### 5.2.4 Energy – Southern Europe CGU

The Energy – Southern Europe CGU comprises gas and electricity production and sales activities in Italy and Greece. This CGU consists of installed production capacity of 4,680 MW in Group share, including around 4,500 MW relating to thermal power generation assets.

The value in use of the Energy – Southern Europe CGU was calculated using cash flow forecasts drawn up on the basis of the 2014 budget and 2015-2019 medium-term business plan approved by the Group Management Committee and Board of Directors. Cash flows beyond this six-year period were forecast based on the reference scenario adopted by the Group.

Cash flows relating to power generation assets were forecast over the useful lives of the underlying assets and agreements. The terminal value of marketing and sales activities was determined by applying a 1.9% growth rate to normative cash flows for 2019.

The discount rates applied to these forecasts range from 6.8% to 13%, depending on the risk profile assigned to each type of power generation and sales activity.

Key assumptions used in the impairment test concern expected trends in the demand for electricity and gas and forecast changes in the price of fuel, CO<sub>2</sub> and electricity beyond the liquidity period.

### Results of impairment test

In view of the significant deterioration in market conditions, with a sharp fall of the demand captured by the Group's thermal power generation assets, a pronounced fall in clean spark spreads and a slump in profitability for marketing and sales activities, the Group recognized a total impairment loss of €1,447 million against the Energy – Southern Europe CGU.



This €1,447 million impairment loss chiefly reflects:

- ▶ write-downs of €1,013 million against property, plant and equipment and intangible assets relating to thermal power generation assets managed by GDF SUEZ Energia Italia;
- ▶ write-downs of €144 million relating to electricity and gas marketing and sales activities in Italy. In view of the difficulties encountered by these activities, the Group has written down the full amount of the related property, plant and equipment and intangible assets;
- ▶ write-downs of €252 million relating to the impairment loss taken against the entire residual goodwill of the Southern Europe goodwill CGU.

### Sensitivity analyses

A 0.5% increase in the discount rate would lead to the recognition of an additional €47 million impairment loss on the property, plant and equipment and intangible assets relating to the thermal power generation assets managed by GDF SUEZ Energia Italia.

A decrease of 5% in the margin captured by thermal power generation assets would lead to an additional impairment loss of €78 million. Conversely, an increase of 5% in the margin captured by thermal power generation assets would reduce impairment by €78 million.

### 5.2.5 Energy – Eastern Europe CGU

The Energy – Eastern Europe CGU comprises gas and electricity production, sale and distribution activities in Poland, Romania, and Hungary. This CGU consists of installed production capacity of nearly 3,000 MW in Group share, including around 2,800 MW relating to thermal power generation assets. The total amount of goodwill allocated to this CGU prior to the 2013 impairment test was €340 million.

The value in use of the Energy – Eastern Europe CGU was calculated using the cash flow forecasts drawn up on the basis of the 2014 budget and 2015-2019 medium-term business plan, as approved by the Group Management Committee and Board of Directors. A terminal value was calculated by extrapolating the cash flows beyond that period.

The discount rates applied to these forecasts range from 8.5% to 12.3%, depending on the risk profile assigned to each type of power generation, sales and distribution asset.

Key assumptions used in the impairment test concern expected trends in the demand for electricity and gas and forecast changes in the price of fuel, CO<sub>2</sub> and electricity beyond the liquidity period.

### Results of the impairment test and sensitivity analyses

The recoverable amount of the Energy – Eastern Europe goodwill CGU was €942 million at December 31, 2013.

Since this was lower than the carrying amounts tested, the Group recognized an impairment loss of €264 million against the goodwill in the CGU, along with an impairment loss of €123 million against property, plant and equipment relating to a thermal power plant.

An increase of 0.5% in the discount rate used would lead to an additional impairment loss of €94 million. A decrease of 5% in the margin captured by thermal power plants would lead to an additional impairment loss of €60 million.

### 5.2.6 Energy – Spain CGU

The Energy – Spain CGU comprises gas and electricity production and sales activities in Spain. This CGU includes thermal power generation assets representing 2,000 MW of installed production capacity in Group share. The total amount of goodwill allocated to this CGU prior to the 2013 impairment test was €60 million.

The value in use of the Energy – Spain CGU was calculated using the cash flow projections drawn up on the basis of the 2014 budget and 2015-2019 medium-term business plan, as approved by the Group Management Committee and Board of Directors. A terminal value was calculated by projecting the cash flows up to the end of the operating life of the assets concerned.

The discount rates applied to these projections ranged between 6.8% and 8.4%.

Key assumptions used in the impairment test relate to the impact of the energy market reforms underway in Spain, expected trends in the demand for electricity and gas, and expected changes in the price of fuel, CO<sub>2</sub> and electricity beyond the liquidity period.

### Results of the impairment test and sensitivity analyses

In view of the difficulties encountered by the thermal power generation assets and by the Spanish electricity market, the Group recognized an impairment loss of €60 million against the full amount of goodwill allocated to the CGU, along with an impairment loss of €78 million against property, plant and equipment relating to a thermal power plant.

A 0.5% increase in the discount rate would lead to the recognition of an additional impairment loss of €18 million against the CGU's property, plant and equipment. A decrease of 5% in the margin captured by thermal power plants would lead to an additional impairment loss of €9 million against property, plant and equipment within the CGU.

### 5.2.7 Thermal power plants in the UK

In the UK, the Group has around 2,900 MW (Group share) in installed production capacity relating to thermal power generation assets.

The value in use of thermal power generation assets in the UK was calculated on a case-by-case basis using the cash flow forecasts drawn up based on the 2014 budget and 2015-2019 medium-term business plan approved by the Group Management Committee and Board of Directors. Cash flows beyond this period were extrapolated until the end of the operating life of the assets concerned.

The discount rates applied to these forecasts ranged between 8.2% and 8.7%.

Key assumptions used in the impairment test relate to the impacts of the set up of a capacity market, expected trends in the demand for electricity, the needs for baseload and mid merit capacities, and expected changes in the price of fuel and electricity beyond the liquidity period.

### Results of the impairment test and sensitivity analyses

In view of the difficulties affecting thermal power plants and in particular the fall in clean spark spreads, the Group recognized an impairment loss totaling €459 million against certain thermal power plants in 2013.

An increase of 0.5% in the discount rate would lead to an additional impairment loss of €11 million against these thermal power generation assets. A decrease of 5% in the margin captured by the thermal power plants would lead to an additional impairment loss totaling €31 million against these assets.

#### 5.2.8 Other impairment losses

Given the impact of changes resulting from the development of shale gas on gas demand and supply in the North-East United States, the Group filed a request to suspend the license to operate its offshore regasification LNG terminal Neptune for a period of five years. This request was approved by the US Maritime Administration in 2013. The Group therefore decided to recognize an impairment loss of €263 million in 2013 against the full carrying amount of the LNG terminal in question.

#### 5.2.9 Impairment losses booked in 2012

In 2012, the Group booked impairment losses totaling €2,474 million. These losses related chiefly to goodwill allocated to the interest in SPP classified as "Assets held for sale" (€176 million) and to power generation facilities in Europe (€1,268 million).

### 5.3 Restructuring costs

Restructuring costs totaling €305 million in 2013 include costs incurred to adapt to economic conditions, including €173 million for GDF SUEZ Energy Europe and €57 million for GDF SUEZ Energy Services.

In 2012, this item included costs incurred for GDF SUEZ Energy Europe to adapt to economic conditions (€136 million), which primarily consisted of the costs relating to the shutdown of generation units in Europe, as well as the costs arising from the definitive shutdown of

the Photovoltech activity. At SUEZ Environnement (€78 million), this item primarily included the costs relating to the restructuring programs decided on by Agbar in its Spanish activities and by Degrémont as well as the costs of the adaptation programs relating to the slowdown in activity in the Waste Europe segment. It also included the costs incurred for GDF SUEZ Energy Services to adapt to economic conditions (€53 million).

### 5.4 Changes in scope of consolidation

In 2013, this item includes the €448 million net revaluation gain on the Group's 35.68% interest in SUEZ Environnement Company subsequent to the termination of the shareholders' agreement on July 22, 2013 resulting in the Group's loss of control (see Note 2.1 "Loss of control of SUEZ Environnement").

The other items included in this caption are not material taken individually.

In 2012, this item essentially included capital gains on the disposal of a 60% interest in the Canadian renewable energies business (€136 million), the disposal of shares in the Brussels inter-municipal company Sibelga (€105 million) and in Eurawasser (€34 million), and a capital loss on the transactions relating to Breeze II (€35 million).

### 5.5 Other non-recurring items

In 2013, this caption includes the impact of the decrease in the provision for back-end of the nuclear fuel cycle amounting to €499 million (see Note 18.2 "Nuclear dismantling liabilities"). It also includes a €73 million gain on the disposal of Medgaz available-for-sale securities, including €75 million in respect of changes in fair value recognized under "Other comprehensive income" (see Note 15.1.1 "Available-for-sale securities") recycled to the income statement.

In 2012, this item mainly included a €233 million gain corresponding to the decrease in the fine related to the "MEGAL" legal proceedings following the judgment handed down by the General Court of the European Union on June 29, 2012. The other items included in this caption were not material taken individually.

## NOTE 6 NET FINANCIAL INCOME/(LOSS)

| In millions of euros                                                                                     | Dec. 31, 2013  |            |                | Dec. 31, 2012 <sup>(1)</sup> |            |                |
|----------------------------------------------------------------------------------------------------------|----------------|------------|----------------|------------------------------|------------|----------------|
|                                                                                                          | Expense        | Income     | Total          | Expense                      | Income     | Total          |
| Cost of net debt                                                                                         | (1,561)        | 128        | (1,433)        | (2,137)                      | 191        | (1,945)        |
| Income from debt restructuring transactions and from early unwinding of derivative financial instruments | (256)          | 103        | (153)          | (299)                        | 210        | (89)           |
| Other financial income and expenses                                                                      | (670)          | 279        | (391)          | (997)                        | 257        | (741)          |
| <b>NET FINANCIAL INCOME/LOSS</b>                                                                         | <b>(2,487)</b> | <b>510</b> | <b>(1,977)</b> | <b>(3,433)</b>               | <b>658</b> | <b>(2,775)</b> |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).



## 6.1 Cost of net debt

The main items of the cost of net debt break down as follows:

| <i>In millions of euros</i>                                                                     | <b>Expense</b> | <b>Income</b> | <b>Total<br/>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-------------------------------------------------------------------------------------------------|----------------|---------------|--------------------------------|----------------------|
| Interest expense on gross debt and hedges                                                       | (1,843)        | -             | (1,843)                        | (2,464)              |
| Foreign exchange gains/losses on borrowings and hedges                                          | (19)           | -             | (19)                           | (38)                 |
| Ineffective portion of derivatives qualified as fair value hedges                               | -              | 2             | 2                              | -                    |
| Gains and losses on cash and cash equivalents and financial assets at fair value through income | -              | 126           | 126                            | 191                  |
| Capitalized borrowing costs                                                                     | 301            | -             | 301                            | 365                  |
| <b>COST OF NET DEBT</b>                                                                         | <b>(1,561)</b> | <b>128</b>    | <b>(1,433)</b>                 | <b>(1,945)</b>       |

Besides the volume effect relating to the loss of control of SUEZ Environnement from July 22, 2013, the decrease in the cost of net debt is mainly due to the impact of lower interest rates on outstanding floating-rate borrowings and to the positive impact of refinancing transactions carried out by the Group.

## 6.2 Income from debt restructuring transactions and from early unwinding of derivative financial instruments

The main effects of debt restructuring break down as follows:

| <i>In millions of euros</i>                                                                                               | <b>Expense</b> | <b>Income</b> | <b>Total<br/>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|---------------------------------------------------------------------------------------------------------------------------|----------------|---------------|--------------------------------|----------------------|
| <b>Impact of early unwinding of derivative financial instruments on income statement</b>                                  | <b>(210)</b>   | <b>103</b>    | <b>(107)</b>                   | <b>(24)</b>          |
| of which cash payments made on the unwinding of swaps                                                                     | (210)          | -             | (210)                          | (234)                |
| of which reversal of the negative fair value of these derivatives that were settled early                                 | -              | 103           | 103                            | 210                  |
| <b>Impact of debt restructuring transactions on the income statement</b>                                                  | <b>(46)</b>    | <b>-</b>      | <b>(46)</b>                    | <b>(65)</b>          |
| of which early refinancing transactions expenses                                                                          | (46)           | -             | (46)                           | (65)                 |
| <b>GAINS AND LOSSES ON DEBT RESTRUCTURING TRANSACTIONS AND ON THE EARLY UNWINDING OF DERIVATIVE FINANCIAL INSTRUMENTS</b> | <b>(256)</b>   | <b>103</b>    | <b>(153)</b>                   | <b>(89)</b>          |

During the period, the Group bought back a number of debt securities (see Note 15.3.2 "Financial Instruments – Main events of the period"), including:

- bonds with an aggregate par value of €1,300 million as well as non-voting securities. The net impact of these buybacks, including the impact of hedges, amounted to a negative €200 million at December 31, 2013;

- 52.9% of First Hydro bonds with an aggregate par value of £246 million, generating an expense of €56 million.

The Group also settled interest rate swaps prior to maturity, generating a positive net financial impact of €45 million including compensation payments of €190 million and the reversal of the negative fair value of the related derivative instruments not qualifying for hedge accounting at December 31, 2012 for €235 million.



## 6.3 Other financial income and expenses

| <i>In millions of euros</i>                                                                          | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012 <sup>(1)</sup></b> |
|------------------------------------------------------------------------------------------------------|----------------------|-------------------------------------|
| <b>Other financial expenses</b>                                                                      |                      |                                     |
| Change in fair value of derivatives not qualified as hedges                                          | -                    | (214)                               |
| Gains and losses on the dequalification and inefficiency of economic hedges on other financial items | -                    | (16)                                |
| Unwinding of discounting adjustments to other long-term provisions                                   | (423)                | (442)                               |
| Net interest expense on post-employment benefits and other long-term benefits                        | (171)                | (205)                               |
| Interest on trade and other payables                                                                 | (72)                 | (92)                                |
| Other financial expenses                                                                             | (5)                  | (29)                                |
| <b>TOTAL</b>                                                                                         | <b>(670)</b>         | <b>(997)</b>                        |
| <b>Other financial income</b>                                                                        |                      |                                     |
| Income from available-for-sale securities                                                            | 140                  | 123                                 |
| Change in fair value of derivatives not qualified as hedges                                          | 34                   | -                                   |
| Gains and losses on the dequalification and inefficiency of economic hedges on other financial items | 2                    | -                                   |
| Interest income on trade and other receivables                                                       | 36                   | 58                                  |
| Interest income on loans and receivables at amortized cost                                           | 28                   | 47                                  |
| Other financial income                                                                               | 39                   | 30                                  |
| <b>TOTAL</b>                                                                                         | <b>279</b>           | <b>257</b>                          |
| <b>OTHER FINANCIAL INCOME AND EXPENSES, NET</b>                                                      | <b>(391)</b>         | <b>(741)</b>                        |

(1) Following the retrospective application of the IAS 19 Revised, the net interest expense resulting from the application of the discount rate to the net defined benefit plan obligation is now presented on a single line entitled "Net interest expense on post-employment benefits and other long-term benefits". At December 31, 2012, the interest expense on the projected benefit obligation was presented under "Unwinding of discounting adjustments to other long-term provisions" and the financial income under "Expected return on plan assets". The amounts at December 31, 2012 have been adjusted for comparison purposes.

In 2012, "Change in fair value of derivatives not qualified as hedges" included a €160 million expense recognized in respect of the change in fair value of the derivative corresponding to the optional component of bonds convertible into International Power plc shares denominated in US dollars.

## 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 2013 amounts to €727 million (€2,049 million in 2012), breaking down as:

| <i>In millions of euros</i>                          | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012 <sup>(1)</sup></b> |
|------------------------------------------------------|----------------------|-------------------------------------|
| Current income taxes                                 | (2,273)              | (2,530)                             |
| Deferred taxes                                       | 1,546                | 481                                 |
| <b>TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME</b> | <b>(727)</b>         | <b>(2,049)</b>                      |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).



### 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:

| <i>In millions of euros</i>                                                                                                                | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012 <sup>(1)</sup></b> |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------------|
| <b>Net income/(loss)</b>                                                                                                                   | <b>(8,909)</b>       | <b>2,743</b>                        |
| • Share in net income of associates                                                                                                        | 490                  | 433                                 |
| • Income tax expenses                                                                                                                      | (727)                | (2,049)                             |
| <b>Income/(loss) before income tax expenses and share in net income of associates (A)</b>                                                  | <b>(8,672)</b>       | <b>4,359</b>                        |
| Of which French companies                                                                                                                  | (3,823)              | 1,260                               |
| Of which companies outside France                                                                                                          | (4,849)              | 3,099                               |
| Statutory income tax rate of the parent company (B)                                                                                        | 38,0%                | 36,1%                               |
| <b>THEORETICAL INCOME TAX EXPENSE (C) = (A) X (B)</b>                                                                                      | <b>3,295</b>         | <b>(1,574)</b>                      |
| Reconciling items between theoretical and 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       | (813)                | (215)                               |
| Permanent differences <sup>(a)</sup>                                                                                                       | (2,028)              | (255)                               |
| Income taxed at a reduced rate or tax-exempt <sup>(b)</sup>                                                                                | 651                  | 603                                 |
| Additional tax expense <sup>(c)</sup>                                                                                                      | (847)                | (771)                               |
| Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences <sup>(d)</sup>        | (1,553)              | (317)                               |
| Recognition of utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences | 137                  | 223                                 |
| Impact of changes in tax rates <sup>(e)</sup>                                                                                              | 33                   | (18)                                |
| Tax credits and other tax reductions <sup>(f)</sup>                                                                                        | 535                  | 237                                 |
| Other                                                                                                                                      | (139)                | 37                                  |
| <b>ACTUAL INCOME TAX EXPENSE</b>                                                                                                           | <b>(727)</b>         | <b>(2,049)</b>                      |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

(a) Includes the increase in tax disallowable impairments on goodwill and the effects relating to the thin cap on borrowings interest in France.

(b) Reflects mainly capital gains on disposals of securities exempt from tax or taxed at a reduced rate in France, Belgium and in other countries, the impact of the specific tax regimes used by some entities in Luxembourg, Belgium, Thailand and in other countries, and the impact of the untaxed income from remeasuring previously-held equity interests in connection with acquisitions and changes in consolidation methods described in Note 5.4 "Changes in scope of consolidation".

(c) Includes mainly tax on dividends resulting from the parent company tax regime and the withholding tax on dividends and interest levied in several tax jurisdictions, the 3% tax on the dividends paid in cash by the French companies in 2013, the contribution on nuclear activities payable by nuclear-sourced electricity utilities in Belgium (€489 million in 2012 and €422 million in 2013), allocations to provisions for income tax, and regional corporate taxes.

(d) Includes mainly the impact of the non-recognition of deferred tax assets relating to the impairment losses on tangible assets and the cancellation of the net deferred tax asset position for many European tax entities.

(e) Includes mainly the impact of the reduction in the tax rate in the United Kingdom in 2012 and 2013 (decrease from 25% to 23% in 2012, and then from 23% to 21% in 2013 for the reversals foreseen in 2014 and to 20% for the reversals foreseen beyond 2015), as well as the impact of changes in the tax rate in France (increased amount of the exceptional contribution in 2013 for the reversal of timing differences occurring in 2013 and 2014), in Italy (decrease in additional IRES rate from 10.5% to 6.5% recorded in 2013), in Thailand (decrease from 30% to 20% recorded in 2013), in Chile (increase from 17% to 20% recorded in 2012) and in Slovakia (increase from 19% to 23% recorded in 2012).

(f) Includes mainly the impact of deductible notional interest in Belgium and of tax credits in Norway, the United Kingdom, the Netherlands, the United States and France and provisions reversals for income tax.



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). This tax rate resulted from the introduction of an exceptional 5% contribution payable in respect of 2011 and 2012. The exceptional contribution has been increased to 10.7%, leading to a 38.00% tax rate for the financial years 2013 and 2014.

For French companies, the timing differences expected to reverse after 2014 continue to be measured at the rate of 34.43%.

### 7.1.3 Analysis of the deferred tax income (expense) recognized in the income statement, by type of temporary difference

| In millions of euros                                                                     | Impact in the income statement |                              |
|------------------------------------------------------------------------------------------|--------------------------------|------------------------------|
|                                                                                          | Dec. 31, 2013                  | Dec. 31, 2012 <sup>(1)</sup> |
| <b>Deferred tax assets:</b>                                                              |                                |                              |
| Tax loss carry-forwards and tax credits                                                  | (39)                           | 639                          |
| Pension obligations                                                                      | 11                             | 48                           |
| Non-deductible provisions                                                                | 187                            | 41                           |
| Difference between the carrying amount of PP&E and intangible assets and their tax bases | 274                            | (9)                          |
| Measurement of financial instruments at fair value (IAS 32/39)                           | (24)                           | (308)                        |
| Other                                                                                    | 190                            | 64                           |
| <b>TOTAL</b>                                                                             | <b>599</b>                     | <b>475</b>                   |
| <b>Deferred tax liabilities:</b>                                                         |                                |                              |
| Difference between the carrying amount of PP&E and intangible assets and their tax bases | 859                            | (28)                         |
| Tax driven provisions                                                                    | (10)                           | 50                           |
| Measurement of financial instruments at fair value (IAS 32/39)                           | (10)                           | 82                           |
| Other                                                                                    | 108                            | (98)                         |
| <b>TOTAL</b>                                                                             | <b>947</b>                     | <b>6</b>                     |
| <b>DEFERRED TAX INCOME/(EXPENSE)</b>                                                     | <b>1,546</b>                   | <b>481</b>                   |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

The deferred tax income change results mainly from the record of some impairment losses on property, plant and equipment.

### 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, 2013 | Dec. 31, 2012 <sup>(1)</sup> |
|--------------------------------------------|---------------|------------------------------|
| Available-for-sale financial assets        | 2             | (26)                         |
| Actuarial gain and losses                  | (200)         | 225                          |
| Net investment hedges                      | (134)         | 30                           |
| Cash flow hedges on other items            | (75)          | 403                          |
| Cash flow hedges on net debt               | (5)           | (130)                        |
| <b>TOTAL EXCLUDING SHARE OF ASSOCIATES</b> | <b>(412)</b>  | <b>502</b>                   |
| Share of associates                        | (32)          | 8                            |
| <b>TOTAL</b>                               | <b>(444)</b>  | <b>510</b>                   |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).



## 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:

| <i>In millions of euros</i>                                    | <b>Assets</b> | <b>Liabilities</b> | <b>Net position</b> |
|----------------------------------------------------------------|---------------|--------------------|---------------------|
| <b>At December 31, 2012 <sup>(1)</sup></b>                     | <b>1,487</b>  | <b>(11,959)</b>    | <b>(10,472)</b>     |
| Impact on net income of the year                               | 599           | 947                | 1,546               |
| Impact on other comprehensive income items                     | (206)         | (142)              | (348)               |
| Impact of change in scope of consolidation                     | (1,271)       | 1,191              | (80)                |
| Impact of translation adjustments                              | (195)         | 425                | 230                 |
| Transfers to assets and liabilities classified as held to sale | (123)         | 125                | 3                   |
| Other                                                          | (78)          | 71                 | (7)                 |
| Impact of netting by tax entity                                | 450           | (450)              | -                   |
| <b>AT DECEMBER 31, 2013</b>                                    | <b>662</b>    | <b>(9,792)</b>     | <b>(9,130)</b>      |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

The impact of change in scope of consolidation mainly comes from the exit of deferred tax balances borne by the SUEZ Environnement entities.

### 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

| <i>In millions of euros</i>                                                              | <b>Statement of financial position at</b> |                                     |
|------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------|
|                                                                                          | <b>Dec. 31, 2013</b>                      | <b>Dec. 31, 2012 <sup>(1)</sup></b> |
| <b>Deferred tax assets:</b>                                                              |                                           |                                     |
| Tax loss carry-forwards and tax credits                                                  | 1,889                                     | 2,464                               |
| Pension obligations                                                                      | 1,191                                     | 1,609                               |
| Non-deductible provisions                                                                | 503                                       | 668                                 |
| Difference between the carrying amount of PP&E and intangible assets and their tax bases | 1,136                                     | 1,007                               |
| Measurement of financial instruments at fair value (IAS 32/39)                           | 1,099                                     | 1,299                               |
| Other                                                                                    | 831                                       | 876                                 |
| <b>TOTAL</b>                                                                             | <b>6,649</b>                              | <b>7,923</b>                        |
| <b>Deferred tax liabilities:</b>                                                         |                                           |                                     |
| Difference between the carrying amount of PP&E and intangible assets and their tax bases | (13,635)                                  | (16,388)                            |
| Tax driven provisions                                                                    | (193)                                     | (249)                               |
| Measurement of financial instruments at fair value (IAS 32/39)                           | (1,120)                                   | (1,114)                             |
| Other                                                                                    | (831)                                     | (644)                               |
| <b>TOTAL</b>                                                                             | <b>(15,779)</b>                           | <b>(18,395)</b>                     |
| <b>NET DEFERRED TAX ASSETS/(LIABILITIES)</b>                                             | <b>(9,130)</b>                            | <b>(10,472)</b>                     |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

A total of €1,889 million in deferred tax assets were recognized in respect of tax losses and tax credits carried forward at December 31, 2013 (€2,464 million at end-2012). At December 31, 2013, this amount includes all tax loss carry-forwards relating to the GDF SUEZ SA tax consolidation group but no longer includes tax loss-carryforwards borne by the SUEZ Environnement entities resulting from the loss of control on July 22, 2013.

In the case of the "International Power North America" tax consolidation group, the Group believes that all the tax-loss carry-forwards will be utilized over a period of ten years.

Aside from this tax entity, the deferred tax assets recognized in respect of tax-loss carry-forwards are justified by the existence of adequate taxable timing differences and/or by expectations that these loss carry-forwards will be used over the period covered by the medium-term plan (2014-2019), as approved by the management.

### 7.4 Unrecognized deferred taxes

#### 7.4.1 Unrecognized deductible temporary differences

At December 31, 2013, 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 €1,137 million (€1,245 million at December 31, 2012). Most of these unrecognized tax losses relate to companies based in countries which allow losses to be carried forward indefinitely (mainly Belgium, France, Luxembourg, Italy, Germany, the Netherlands and Australia). These tax-loss carry-forwards did not give rise to the recognition of deferred tax due to the absence of sufficient profit forecasts in the medium-term.

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €1,436 million at end-December 2013 versus €230 million at end-December 2012. The increase is mainly due to the non-recognition of a deferred tax asset for some impairment losses on tangible assets mostly based in Italy, Germany and the Netherlands.

#### 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 NET RECURRING INCOME GROUP SHARE

Net recurring income Group share is a financial indicator used by the Group in its financial reporting to present net income Group share adjusted for unusual or non-recurring items.

This financial indicator therefore excludes:

- ▶ all items presented between the lines "Current operating income" and "Income/(loss) from operating activities", i.e., "Mark-to-market on commodity contracts other than trading instruments", "Impairment losses", "Restructuring costs", "Changes in scope of consolidation" and "Other non-recurring items". These items are defined in Note 1.4.17 "Current operating income";
- ▶ the following components of net financial income/(loss) the impact of debt restructuring, the compensation payments on the unwinding of derivative instruments, changes in the fair value of derivative instruments which, in accordance with IAS 39, do not qualify as hedges, as well as the ineffective portion of derivative instruments that qualify as hedges;
- ▶ the tax impact of the items described above and determined using the statutory income tax rate applicable to the relevant tax entity;
- ▶ the net expense relating to the nuclear contribution in Belgium of which the legality is contested by the Group;
- ▶ net non-recurring items included in "Share in net income of associates". The excluded items correspond to non-recurring items as defined above.



The reconciliation of net income/(loss) with net recurring income Group share is as follows:

| <i>In millions of euros</i>                                                                        | Note | Dec. 31, 2013  | Dec. 31, 2012 <sup>(1)</sup> |
|----------------------------------------------------------------------------------------------------|------|----------------|------------------------------|
| <b>NET INCOME/(LOSS) GROUP SHARE</b>                                                               |      | <b>(9,289)</b> | <b>1,544</b>                 |
| Non-controlling interests                                                                          |      | 380            | 1,199                        |
| <b>NET INCOME/(LOSS)</b>                                                                           |      | <b>(8,909)</b> | <b>2,743</b>                 |
| <b>Reconciliation between current operating income and income/(loss) from operating activities</b> |      | <b>14,523</b>  | <b>2,387</b>                 |
| Mark-to-market on commodity contracts other than trading instruments                               | 5.1  | 226            | (109)                        |
| Impairment losses                                                                                  | 5.2  | 14,943         | 2,474                        |
| Restructuring costs                                                                                | 5.3  | 305            | 342                          |
| Changes in scope of consolidation                                                                  | 5.4  | (406)          | (155)                        |
| Other non-recurring items                                                                          | 5.5  | (545)          | (165)                        |
| <b>Other adjusted items (not included in income/(loss) from operating activities)</b>              |      | <b>(1,234)</b> | <b>65</b>                    |
| Ineffective portion of derivatives qualified as fair value hedges                                  | 6.1  | (2)            | -                            |
| Gains/(losses) on debt restructuring and anticipated settlement of derivative instruments          | 6.2  | 153            | 89                           |
| Change in fair value of derivatives not qualifying for hedge accounting                            | 6.3  | (34)           | 214                          |
| Taxes on non-recurring items                                                                       |      | (1,608)        | (544)                        |
| Net expense relating to the nuclear contribution in Belgium                                        |      | 271            | 274                          |
| Non-recurring income included in share of net income of associates                                 | 13.1 | (14)           | 32                           |
| <b>NET RECURRING INCOME</b>                                                                        |      | <b>4,380</b>   | <b>5,195</b>                 |
| Non-controlling interests recurring income                                                         |      | 940            | 1,370                        |
| <b>NET RECURRING INCOME GROUP SHARE</b>                                                            |      | <b>3,440</b>   | <b>3,825</b>                 |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

## NOTE 9 EARNINGS PER SHARE

|                                                     | Dec. 31, 2013  | Dec. 31, 2012 <sup>(1)</sup> |
|-----------------------------------------------------|----------------|------------------------------|
| <b>Numerator (in millions of euros)</b>             |                |                              |
| Net income/(loss) Group share                       | (9,289)        | 1,544                        |
| Impact of dilutive instruments:                     |                |                              |
| • International Power convertible bonds             | -              | (21)                         |
| <b>Diluted net income/(loss) Group share</b>        | <b>(9,289)</b> | <b>1,523</b>                 |
| <b>Denominator (in millions of shares)</b>          |                |                              |
| Average number of outstanding shares                | 2,359          | 2,271                        |
| Impact of dilutive instruments:                     |                |                              |
| • Bonus share plans reserved for employees          | 15             | 12                           |
| <b>DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING</b> | <b>2,374</b>   | <b>2,284</b>                 |
| <b>Earnings per share (in euros)</b>                |                |                              |
| Basic earnings per share                            | (3.94)         | 0.68                         |
| Diluted earnings per share                          | (3.91)         | 0.67                         |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (cf. Note 1.1.1).

The Group's dilutive instruments included in the calculation of diluted earnings per share include the bonus shares and performance shares granted in the form of GDF SUEZ securities described in Note 24.3 "Bonus shares and Performance shares", together with the stock option plans described in Note 24.1 "Stock option plans" where the exercise price is lower than the average annual GDF SUEZ share price (the average annual GDF SUEZ share price amounted to €16.4 in 2013 and to €18.3 in 2012). In 2012, the bonds convertible into International Power plc shares were also included in the calculation of diluted earnings per share.

Diluted earnings per share do not take into account the stock subscription options granted to employees at an exercise price higher than the average annual GDF SUEZ share price.

As far as the 2013 financial year is concerned, all stock option plans were excluded from the diluted earnings per share calculation due to their accretive effect. The same stock option plans, and the one awarded in 2005, were also excluded from the 2012 diluted earnings per share calculation due to their accretive effect.

Instruments that were accretive at December 31, 2013 may become dilutive in subsequent periods due to changes in the average annual share price.

## NOTE 10 GOODWILL

### 10.1 Movements in the carrying amount of goodwill

| <i>In millions of euros</i>                     | <b>Gross amount</b> | <b>Impairment</b> | <b>Net amount</b> |
|-------------------------------------------------|---------------------|-------------------|-------------------|
| <b>At December 31, 2011</b>                     | <b>31,782</b>       | <b>(420)</b>      | <b>31,362</b>     |
| Impairment losses                               | -                   | (118)             |                   |
| Changes in scope of consolidation               | (594)               | -                 |                   |
| Other                                           | (336)               | -                 |                   |
| Transfers to assets classified as held for sale | (263)               | -                 |                   |
| Translation adjustments                         | (12)                | (4)               |                   |
| <b>At December 31, 2012</b>                     | <b>30,577</b>       | <b>(542)</b>      | <b>30,035</b>     |
| Impairment losses                               | -                   | (5,775)           |                   |
| Changes in scope of consolidation               | (3,445)             | 197               |                   |
| Transfers to assets classified as held for sale | (3)                 | 3                 |                   |
| Translation adjustments                         | (350)               | 35                |                   |
| <b>AT DECEMBER 31, 2013</b>                     | <b>26,779</b>       | <b>(6,082)</b>    | <b>20,697</b>     |

The impact of changes in scope of consolidation in the statement of financial position at December 31, 2013 relates primarily to the derecognition of goodwill following the change in consolidation method for SUEZ Environnement (€3,220 million), the disposal of a 33.2% interest in NOGAT (€53 million), as well as the recognition of a provisional goodwill of €145 million on the acquisition of Balfour Beatty Workplace. These transactions and changes in consolidation method are described in Note 2 "Main changes in Group structure".

As a result of the annual impairment tests performed on the second half of 2013 on the goodwill CGU, the Group recognized impairment losses on goodwill for a total amount of €5,775 million, of which €3,862 million on the Energy – Central Western Europe CGU,

€1,250 million on the Storage CGU, €264 million on the Energy – Eastern Europe CGU, €252 million on the Energy – Southern Europe CGU and €60 million on the Energy – Spain CGU. The 2013 impairment tests performed on these CGU are described in Note 5.2 "Impairment losses".

The decrease shown in 2012 was primarily due to the changes in scope of consolidation for €594 million (of which €406 million relating to the change in the consolidation method for Senoko).

The "Transfers to assets classified as held for sale" line included the goodwill allocated to the SPP activities. The latest has been sold on January 23, 2013 (see Note 2.2 "Disposals carried out in 2013").



## 10.2 Main goodwill CGUs

The table below provides a breakdown of goodwill by CGU:

| <i>In millions of euros</i>                             | Operating segment    | Dec. 31, 2013 | Dec. 31, 2012 |
|---------------------------------------------------------|----------------------|---------------|---------------|
| <b>MATERIAL CGUs <sup>(1)</sup></b>                     |                      |               |               |
| Energy - Central Western Europe                         | Energy Europe        | 8,446         | 12,352        |
| Distribution                                            | Infrastructures      | 4,009         | 4,009         |
| Global Gas & LNG                                        | Global Gas & LNG     | 2,109         | 2,162         |
| Energy - North America                                  | Energy International | 1,329         | 1,450         |
| Storage                                                 | Infrastructures      | 543           | 1,794         |
| <b>OTHER SIGNIFICANT CGUs</b>                           |                      |               |               |
| Transmission France                                     | Infrastructures      | 614           | 614           |
| Energy - United Kingdom & Other Europe                  | Energy International | 583           | 678           |
| <b>OTHER CGUs (INDIVIDUALLY LESS THAN €600 MILLION)</b> |                      | <b>3,064</b>  | <b>6,976</b>  |
| <b>TOTAL</b>                                            |                      | <b>20,697</b> | <b>30,035</b> |

(1) Material CGUs correspond to CGUs that represent over 5% of the Group's total goodwill.

## 10.3 Impairment testing of goodwill CGUs

All the goodwill Cash Generating Units (goodwill CGUs) are tested for impairment on data as of end-June, completed by a review of events arisen in the second half of the year. In most cases, the recoverable value of the goodwill CGUs is determined by reference to a value-in-use that is calculated based on projections of cash flows drawn from the 2014 budget and from the medium-term 2015-2019 business plan, as approved by the Group Management Committee, and on extrapolated cash flows beyond that time frame.

The projections of cash flows for the period covered by the medium-term business plan, together with the extrapolations beyond that time frame are drawn up on the basis of macro-economic assumptions (inflation, exchange rates, and growth rates) and, for the energy businesses, on the basis of the following parameters:

- ▶ the market prices within a liquid time frame ("forward prices") for fuel (coal, oil and gas) prices, the CO<sub>2</sub> price, and the price of electricity on the various markets;
- ▶ beyond that liquid time frame, on the basis of medium and long-term assumptions concerning the changes in the price of these fuels, the gas and electricity demand and electricity prices. The electricity price forecasts are based on a forward-looking economic analysis of the equilibrium between electricity supply and demand.

The medium and long-term assumptions used by the Group are consistent with the data and research provided by external studies.

The discount rates used correspond to the weighted average cost of capital, which is adjusted in order to reflect the business, country, and currency risk relating to each goodwill CGU reviewed. These discount rates applied comprise a risk-free market rate and a country risk premium component. The discount rates used are consistent with available external information sources. The post-tax rates used in 2013 to measure the value-in-use of the goodwill CGUs ranged between 5.2% and 15.1% compared with a range of between 4.8% and 17% in 2012. The discount rates used for each of the seven main goodwill CGUs are shown in Notes 10.3.1 "Material CGUs" and 10.3.2 "Other significant CGUs" below.

### 10.3.1 Material CGUs

This section presents the method for determining value-in-use, the key assumptions underlying the valuation, and the sensitivity analyses for the impairment tests on CGUs where the amount of goodwill represents more than 5% of the Group's total goodwill at December 31, 2013.

The impairment testing on the Energy – Central Western Europe (CWE) and Storage CGUs are detailed in Note 5.2 "Impairment losses".

#### Goodwill allocated to the Distribution CGU

The total amount of goodwill allocated to this CGU amounted to €4,009 million at December 31, 2013. The Distribution CGU brings together the French gas distribution activities.

The value-in-use of the Distribution CGU was calculated using the projections of cash flows drawn up on the basis of the 2014 budget and of the medium-term 2015-2019 business plan, as approved by the Group Management Committee. The discount rate applied to these projections was 5.5%. The terminal value calculated at the end of the medium-term business plan corresponds to the expected Regulated Asset Base (RAB) with no premium at the end of 2019. The RAB is the value assigned by the regulator (CRE) to the assets operated by the distributor. It is the sum of the future pre-tax cash flows, discounted at a rate that equals to the pre-tax rate of return guaranteed by the regulator.

The projections of cash flow are drawn up based on the tariff for public natural gas distribution networks, known as the "ATRD 4 tariff", which entered into effect for a period of four years on July 1, 2012, and on the overall level of investments agreed by the French Energy Regulatory Commission (CRE) as part of its decision on the ATRD 4 tariff.

Given the regulated nature of the businesses grouped within the Distribution CGU, a reasonable change in any of the valuation parameters would not result in the recoverable value becoming lower than the carrying value.

### Goodwill allocated to the Global Gas & LNG CGU

The total amount of goodwill allocated to this CGU amounted to €2,109 million at December 31, 2013. The Global Gas & LNG CGU brings together the upstream activities of the natural gas value chain.

The value-in-use was calculated using the projections of cash flow drawn up on the basis of the 2014 budget and of the medium-term 2015-2019 business plan, as approved by the Group Management Committee. A terminal value was determined by extrapolating the cash flows beyond that period.

In the case of the LNG activities, the terminal value corresponds to an exit value determined by applying a long-term growth rate of 2.5% to the cash flows of the last year of the medium-term business plan approved by the Group Management Committee. This 2.5% growth rate includes the effect of inflation at 2% and the effect of an expected long-term increase in LNG volumes of 0.5%. This long-term growth assumption is widely corroborated by external studies and by other market players' forecasts. The discount rate applied to these projections was 9.2%.

The value-in-use of the Exploration-Production activities in the development or production phase is determined based on a projection time frame that corresponds to the useful life of the underlying proven and probable reserves.

The main assumptions and key estimates primarily include the discount rates, the estimated hydrocarbon prices, changes in the euro/US dollar exchange rate, changes in LNG supply and demand, as well as the market outlook. The values assigned reflect our best estimates for market prices and the expected future trend for these markets. The projections used for oil and natural gas prices are in line with the consensus drawn up on the basis of several external studies. The discount rates applied range between 9% and 14.5%, and differ primarily in accordance with the risk premiums assigned to the countries in which the Group operates.

An increase of 0.5% in the discount rate used would have a negative 29% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable value would remain above the carrying amount. A reduction of 0.5% in the discount rate used would have a positive 31% impact on this calculation.

In case of a 10% decrease in the hydrocarbon prices used, the recoverable amount would become equal to the carrying amount. An increase of 10% in the hydrocarbon prices used would have a positive 92% impact on the excess of the recoverable amount over the carrying amount.

A decrease of 0.5% in the long-term growth rate used to determine the terminal value of the LNG activities would have a negative 13% 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 0.5% in the long term growth rate used would have a positive 15% impact on this calculation.

### Goodwill allocated to the Energy – North America CGU

The total amount of goodwill allocated to this CGU was €1,329 million at December 31, 2013. The entities included in this CGU produce electricity and sell electricity and gas in the United States, Mexico and Canada. They are also involved in LNG imports and regasification, as well as LNG cargo sales.

The recoverable amount of this Energy – North America CGU is determined on the basis of the value in use of the group of assets, calculated primarily using the projections of cash flow drawn up on the basis of the 2014 budget and of the medium-term 2015-2019 business plan, as approved by the Group 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 2013 range from 5.8% to 9%, depending on the business concerned.

An increase of 0.5% in the discount rate used would have a negative 24% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 23% impact on this calculation.

A decrease of 10% in the long-term equilibrium prices for electricity would have a negative 49% 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 10% in the long-term equilibrium prices would have a positive 58% impact on this calculation.



### 10.3.2 Other significant CGUs

The table below sets out the assumptions used to determine the recoverable amount of the other main CGUs.

| CGU                                    | Operating segment    | Measurement | Discount rate |
|----------------------------------------|----------------------|-------------|---------------|
| Transmission France                    | Infrastructures      | DCF         | 5.8%          |
| Energy - United Kingdom & Other Europe | Energy International | DCF + DDM   | 6.8% - 11.1%  |

The "DDM" method refers to the method known as the Discounted Dividend Model (DDM).

### 10.4 Goodwill segment information

The carrying amount of goodwill can be analyzed as follows by operating segment:

| <i>In millions of euros</i> | Dec. 31, 2013 | Dec. 31, 2012 |
|-----------------------------|---------------|---------------|
| Energy International        | 3,206         | 3,653         |
| Energy Europe               | 8,532         | 13,030        |
| Global Gas & LNG            | 2,109         | 2,162         |
| Infrastructures             | 5,324         | 6,574         |
| Energy Services             | 1,526         | 1,357         |
| SUEZ Environnement          | -             | 3,257         |
| <b>TOTAL</b>                | <b>20,697</b> | <b>30,035</b> |

### NOTE 11 INTANGIBLE ASSETS

#### 11.1 Movements in intangible assets

| <i>In millions of euros</i>                     | Intangible<br>rights arising<br>on concession<br>contracts | Capacity<br>entitlements | Other          | Total          |
|-------------------------------------------------|------------------------------------------------------------|--------------------------|----------------|----------------|
| <b>GROSS AMOUNT</b>                             |                                                            |                          |                |                |
| <b>At December 31, 2011</b>                     | <b>5,762</b>                                               | <b>2,354</b>             | <b>12,363</b>  | <b>20,480</b>  |
| Acquisitions                                    | 439                                                        | -                        | 606            | 1,045          |
| Disposals                                       | (31)                                                       | -                        | (348)          | (379)          |
| Translation adjustments                         | 1                                                          | -                        | (11)           | (10)           |
| Changes in scope of consolidation               | 4                                                          | -                        | 57             | 61             |
| Transfers to Assets classified as held for sale | -                                                          | -                        | (327)          | (327)          |
| Other                                           | 59                                                         | 24                       | 140            | 223            |
| <b>At December 31, 2012</b>                     | <b>6,235</b>                                               | <b>2,379</b>             | <b>12,480</b>  | <b>21,094</b>  |
| Acquisitions                                    | 274                                                        | -                        | 537            | 811            |
| Disposals                                       | (20)                                                       | -                        | (66)           | (86)           |
| Translation adjustments                         | (35)                                                       | -                        | (148)          | (183)          |
| Changes in scope of consolidation               | (3,764)                                                    | -                        | (3,025)        | (6,789)        |
| Other                                           | 18                                                         | 66                       | (31)           | 53             |
| <b>AT DECEMBER 31, 2013</b>                     | <b>2,708</b>                                               | <b>2,445</b>             | <b>9,747</b>   | <b>14,900</b>  |
| <b>ACCUMULATED AMORTIZATION AND IMPAIRMENT</b>  |                                                            |                          |                |                |
| <b>At December 31, 2011</b>                     | <b>(2,099)</b>                                             | <b>(769)</b>             | <b>(4,387)</b> | <b>(7,254)</b> |
| Amortization and impairment                     | (290)                                                      | (88)                     | (890)          | (1,268)        |
| Disposals                                       | 27                                                         | -                        | 310            | 338            |
| Translation adjustments                         | 3                                                          | -                        | 8              | 11             |
| Changes in scope of consolidation               | -                                                          | -                        | 3              | 3              |
| Transfers to Assets classified as held for sale | -                                                          | -                        | 158            | 158            |
| Other                                           | 129                                                        | -                        | (190)          | (61)           |
| <b>At December 31, 2012</b>                     | <b>(2,229)</b>                                             | <b>(857)</b>             | <b>(4,988)</b> | <b>(8,073)</b> |
| Amortization                                    | (198)                                                      | (91)                     | (684)          | (973)          |
| Impairment                                      | (36)                                                       | (638)                    | (586)          | (1,260)        |
| Disposals                                       | 15                                                         | -                        | 60             | 75             |
| Translation adjustments                         | 3                                                          | -                        | 52             | 55             |
| Changes in scope of consolidation               | 1,378                                                      | -                        | 1,178          | 2,556          |
| Other                                           | -                                                          | -                        | 7              | 7              |
| <b>AT DECEMBER 31, 2013</b>                     | <b>(1,067)</b>                                             | <b>(1,586)</b>           | <b>(4,961)</b> | <b>(7,614)</b> |
| <b>CARRYING AMOUNT</b>                          |                                                            |                          |                |                |
| <b>At December 31, 2012</b>                     | <b>4,006</b>                                               | <b>1,522</b>             | <b>7,492</b>   | <b>13,020</b>  |
| <b>AT DECEMBER 31, 2013</b>                     | <b>1,641</b>                                               | <b>859</b>               | <b>4,786</b>   | <b>7,286</b>   |



Changes in the scope of consolidation in 2013 are mainly due to the loss of control of SUEZ Environnement (-€3,975 million), the disposal of a 50% stake in the Group's portfolio of power generation assets in Portugal (-€131 million) and the disposal of 33.2% in NOGAT B.V. (-€82 million). These transactions are described in Note 2 "Main changes in Group structure".

The other movements on capacity entitlements (€66 million) are a consequence of the reconsideration of the nuclear provisions on capacity entitlements of the Chooz B and Tricastin power plants.

Acquisitions relating to intangible rights arising on concession contracts correspond to construction works carried out under concession contracts on infrastructures managed by SUEZ Environnement (until July 22, 2013) and GDF SUEZ Energy Services.

Impairment losses on intangible assets amounted to €1,260 million at December 31, 2013. These impairment losses related mainly to virtual power plant capacities in Italy (€638 million) and in customer portfolios in Europe, notably in Italy (see Note 5.2 "Impairment losses").

At December 31, 2012, as Slovenský Plynárenský Priemysel a.s. (SPP), IP Maestrals and Sohar Power Company SAOG were classified as assets held for sale, the carrying amount of the corresponding intangible assets had been transferred to the "Assets classified as held for sale" line in the statement of financial position.

#### 11.1.1 Intangible rights arising on concession contracts

This item primarily includes the right to bill users recognized in accordance with the intangible asset model as set out in IFRIC 12 (see Note 23 "Service concession arrangements").

#### 11.1.2 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 and Tricastin power plants in France and the virtual power plant (VPP) in Italy.

#### 11.1.3 Other

At end-2013, this caption chiefly relates to 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 20 "Exploration - Production activities".

The carrying amount of intangible assets that are not amortized because they have an indefinite useful life was €680 million at December 31, 2013 (€1,012 million at December 31, 2012). This caption relates mainly 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. The variation corresponds mainly to the impact of the loss of control of SUEZ Environnement (-€320 million).

### 11.2 Information regarding 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) totaled €161 million at December 31, 2013. Costs that do not meet the criteria for recognition as an intangible asset as defined in IAS 38 totaled €157 million in 2013 (€236 million in 2012).

### NOTE 12 PROPERTY, PLANT AND EQUIPMENT

#### 12.1 Movements in property, plant and equipment

| <i>In millions of euros</i>                     | Land           | Buildings      | Plant and equipment | Vehicles       | Dismantling costs | Assets in progress | Other        | Total           |
|-------------------------------------------------|----------------|----------------|---------------------|----------------|-------------------|--------------------|--------------|-----------------|
| <b>GROSS AMOUNT</b>                             |                |                |                     |                |                   |                    |              |                 |
| <b>At December 31, 2011</b>                     | <b>3,209</b>   | <b>7,100</b>   | <b>101,248</b>      | <b>1,916</b>   | <b>1,751</b>      | <b>11,354</b>      | <b>1,292</b> | <b>127,869</b>  |
| Acquisitions                                    | 77             | 99             | 1,049               | 117            | -                 | 6,576              | 122          | 8,041           |
| Disposals                                       | (34)           | (68)           | (657)               | (134)          | (3)               | (28)               | (41)         | (965)           |
| Translation adjustments                         | 20             | 101            | (276)               | 9              | 18                | (280)              | (1)          | (410)           |
| Changes in scope of consolidation               | (12)           | (10)           | (1,354)             | -              | 4                 | (149)              | (3)          | (1,524)         |
| Transfers to assets classified as held for sale | (4)            | (154)          | (3,116)             | (3)            | (23)              | (52)               | 1            | (3,351)         |
| Other                                           | (41)           | 245            | 5,138               | (10)           | 226               | (5,206)            | 3            | 354             |
| <b>At December 31, 2012</b>                     | <b>3,215</b>   | <b>7,313</b>   | <b>102,033</b>      | <b>1,895</b>   | <b>1,973</b>      | <b>12,214</b>      | <b>1,372</b> | <b>130,015</b>  |
| Acquisitions                                    | 14             | 40             | 777                 | 74             | -                 | 5,465              | 58           | 6,428           |
| Disposals                                       | (53)           | (53)           | (581)               | (87)           | 1                 | -                  | (44)         | (817)           |
| Translation adjustments                         | (106)          | (116)          | (2,867)             | (24)           | (58)              | (789)              | (14)         | (3,974)         |
| Changes in scope of consolidation               | (1,828)        | (3,335)        | (8,336)             | (1,504)        | (549)             | (548)              | (430)        | (16,530)        |
| Transfers to assets classified as held for sale | -              | -              | (773)               | -              | (10)              | (3,188)            | -            | (3,971)         |
| Other                                           | (12)           | 230            | 3,897               | 20             | 593               | (4,209)            | 54           | 573             |
| <b>AT DECEMBER 31, 2013</b>                     | <b>1,230</b>   | <b>4,079</b>   | <b>94,149</b>       | <b>374</b>     | <b>1,950</b>      | <b>8,945</b>       | <b>996</b>   | <b>111,724</b>  |
| <b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>  |                |                |                     |                |                   |                    |              |                 |
| <b>At December 31, 2011</b>                     | <b>(1,094)</b> | <b>(2,555)</b> | <b>(30,828)</b>     | <b>(1,229)</b> | <b>(960)</b>      | <b>(208)</b>       | <b>(874)</b> | <b>(37,749)</b> |
| Depreciation                                    | (87)           | (379)          | (4,917)             | (173)          | (130)             | -                  | (122)        | (5,807)         |
| Impairment                                      | (46)           | (35)           | (1,440)             | -              | (1)               | (284)              | (1)          | (1,806)         |
| Disposals                                       | 17             | 61             | 466                 | 121            | 1                 | 67                 | 39           | 772             |
| Translation adjustments                         | (5)            | (15)           | 89                  | (6)            | (8)               | 8                  | -            | 63              |
| Changes in scope of consolidation               | 3              | (4)            | 114                 | 2              | (5)               | -                  | 2            | 111             |
| Transfers to assets classified as held for sale | 1              | 67             | 927                 | 1              | 11                | 9                  | 1            | 1,017           |
| Other                                           | (12)           | 66             | (214)               | 25             | (8)               | 103                | 21           | (19)            |
| <b>At December 31, 2012</b>                     | <b>(1,224)</b> | <b>(2,794)</b> | <b>(35,803)</b>     | <b>(1,258)</b> | <b>(1,100)</b>    | <b>(304)</b>       | <b>(934)</b> | <b>(43,418)</b> |
| Depreciation                                    | (42)           | (278)          | (4,174)             | (106)          | (229)             | -                  | (111)        | (4,940)         |
| Impairment                                      | (25)           | (80)           | (5,304)             | -              | (18)              | (2,411)            | (4)          | (7,842)         |
| Disposals                                       | 10             | 27             | 356                 | 75             | 1                 | 1                  | 40           | 510             |
| Translation adjustments                         | 37             | 21             | 843                 | 14             | 21                | 12                 | 10           | 958             |
| Changes in scope of consolidation               | 843            | 1,237          | 3,498               | 1,018          | 541               | 3                  | 273          | 7,413           |
| Transfers to assets classified as held for sale | -              | -              | 606                 | -              | 2                 | 85                 | -            | 693             |
| Other                                           | 3              | 2              | (71)                | 10             | (12)              | 11                 | (4)          | (61)            |
| <b>AT DECEMBER 31, 2013</b>                     | <b>(398)</b>   | <b>(1,865)</b> | <b>(40,049)</b>     | <b>(247)</b>   | <b>(794)</b>      | <b>(2,603)</b>     | <b>(730)</b> | <b>(46,687)</b> |
| <b>CARRYING AMOUNT</b>                          |                |                |                     |                |                   |                    |              |                 |
| <b>At December 31, 2012</b>                     | <b>1,991</b>   | <b>4,519</b>   | <b>66,230</b>       | <b>637</b>     | <b>873</b>        | <b>11,910</b>      | <b>438</b>   | <b>86,597</b>   |
| <b>AT DECEMBER 31, 2013</b>                     | <b>832</b>     | <b>2,214</b>   | <b>54,100</b>       | <b>127</b>     | <b>1,156</b>      | <b>6,342</b>       | <b>266</b>   | <b>65,037</b>   |



In 2013, changes in scope of consolidation had a net impact of -€9,117 million on property, plant and equipment. They mainly result from the loss of control of SUEZ Environnement (-€8,493 million).

In 2012, changes in scope of consolidation had a net impact of -€1,413 million on property, plant and equipment. They mainly resulted from the loss of control of the renewable energy activities in Canada (-€1,150 million), the disposal of Levanto Breeze II in Germany (-€332 million), the change of consolidation method for Senoko (-€442 million) and the increase of the contribution of Energia Sustentável do Brasil (Jirau) from 50.1% up to 60% (€565 million) in the Group's statement of financial position.

On December 31, 2013, further to the classification of Energia Sustentável do Brasil (Jirau) and Futures Energies Investissements as assets held for sale, the carrying amount of the corresponding property, plant and equipment was transferred to the "Assets classified as held for sale" line.

On December 31, 2012, further to the classification of Slovenský Plynárenský Priemysel a.s. (SPP), IP Maestrals, and Sohar Power Company SAOG as assets held for sale, the carrying amount of the corresponding property, plant and equipment had been transferred to the "Assets classified as held for sale" line in the statements of financial position.

Impairment losses recognized against property, plant and equipment in 2013, as described in Note 5.2 "Impairment losses", amounted to €7,842 million. They mainly relate to thermal power generation assets in Europe (€4,838 million), notably on Central Western Europe thermal power plant portfolio (€3,765 million), as well as thermal power plants in the United Kingdom (€459 million) and in Italy (€375 million). Impairment losses were also recognized on gas underground storage facilities in Europe (€1,896 million).

Impairment losses recognized against property, plant and equipment in 2012 amounted to €1,806 million. They mainly concerned the European thermal power plant portfolio, including a thermal power plant in the Netherlands (€513 million), thermal power plants in Italy (€294 million), thermal power plants in the United Kingdom (€152 million), as well as a pumped-storage plant in Germany (€56 million).

The main impacts of exchange rate fluctuations on the net value of property, plant and equipment at December 31, 2013 (-€3,016 million)

chiefly consist of translation losses on the Brazilian real (€1,149 million), the Australian dollar (€536 million), the US dollar (€481 million), the Norwegian krone (€391 million), Chilean peso (€161 million), Thai baht (€141 million) and the British pound (€91 million).

Assets relating to the exploration and production of mineral resources included in the table above are detailed in Note 20 "Exploration-Production activities". Fields under development are shown under "Assets in progress", while fields in production are included in "Plant and equipment".

## 12.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amounted to €6,875 million at December 2013 versus €6,748 million a year earlier. This variation results primarily from debt refinancing transactions, as well as changes in scope of consolidation that occurred during 2013.

## 12.3 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 for equipment, vehicles, and material required for the construction of energy production units (power plants and fields under development of the Exploration- Production activities), and for service agreements.

Investment commitments made by the Group to purchase property, plant and equipment totaled €2,917 million at December 31, 2013 versus €6,486 million at December 31, 2012. This decrease results primarily from the progress of large projects (including Cygnus and Gudrun), and from the loss of control of SUEZ Environnement.

## 12.4 Other information

Borrowing costs for 2013 included in the cost of property, plant and equipment amounted to €301 million at December 31, 2013 and €365 million at December 31, 2012.

### NOTE 13 INVESTMENTS IN ASSOCIATES

#### 13.1 Breakdown of investments in associates

| <i>In millions of euros</i>                                                  | Carrying amount of investments<br>in associates |               | Share in income/(loss)<br>of associates |               |
|------------------------------------------------------------------------------|-------------------------------------------------|---------------|-----------------------------------------|---------------|
|                                                                              | Dec. 31, 2013                                   | Dec. 31, 2012 | Dec. 31, 2013                           | Dec. 31, 2012 |
| SUEZ Environnement (subsequent to July 22, 2013)                             | 1,882                                           | -             | 62                                      | -             |
| Interests in SUEZ Environnement's equity associates (prior to July 22, 2013) | -                                               | 490           | 17                                      | 22            |
| <b>SUBTOTAL SUEZ ENVIRONNEMENT</b>                                           | <b>1,882</b>                                    | <b>490</b>    | <b>80</b>                               | <b>22</b>     |
| Paiton (BEI, Indonesia)                                                      | 581                                             | 604           | 64                                      | 66            |
| Senoko (BEI, Singapore)                                                      | 319                                             | 311           | 33                                      | 27            |
| GASAG (BEE, Germany)                                                         | 316                                             | 300           | 21                                      | (14)          |
| ISAB Energy (BEI, Italy)                                                     | 212                                             | 191           | 29                                      | 34            |
| Canadian renewable energy activities (BEI, Canada)                           | 210                                             | 225           | -                                       | -             |
| Astoria Energy, Phase I (BEI, United States)                                 | 171                                             | -             | (1)                                     | -             |
| Umm Al Nar (BEI, United Arab Emirates)                                       | 104                                             | 101           | 13                                      | 17            |
| GTT (B3G, France)                                                            | 88                                              | 86            | 39                                      | 4             |
| Walloon inter-municipal companies (BEE, Belgium)                             | 10                                              | 7             | 17                                      | 60            |
| Other                                                                        | 744                                             | 647           | 196                                     | 217           |
| <b>TOTAL</b>                                                                 | <b>4,636</b>                                    | <b>2,961</b>  | <b>490</b>                              | <b>433</b>    |

The net increase in the carrying amount of investments in associates is mainly attributable to changes in the scope of consolidation following the loss of control of SUEZ Environnement. This transaction is described in further detail in Note 2 "Main changes in Group structure".

The share in net income of associates includes net non-recurring income for a total amount of €14 million (compared to a net loss of €32 million in 2012), mainly including changes in the fair value of derivative instruments and disposal gains and losses, net of taxes (see Note 8 "Net recurring income Group share").

Total amount of unrecognized losses of associates (corresponding to the cumulative amount of the losses exceeding the carrying amount of investments in the associates concerned) including other comprehensive income, amounted to €123 million at December 31, 2013 (€361 million at December 31, 2012). These unrecognized

losses mainly correspond to the negative fair value of financial derivative instruments designated as interest rate hedges ("Other comprehensive income") contracted by associates in the Middle East in connection with the financing for the construction of power and seawater desalination plants.

#### 13.2 SUEZ Environnement Company

On July 22, 2013, the interest in SUEZ Environnement was recognized at fair value for an amount of €1,868 million (see Note 2 "Main changes in Group structure").

At December 31, 2013, the carrying amount of the interest was €1,882 million. Based on the closing share price at December 31, 2013, the market value of this interest was €2,371 million.



At December 31, 2013, the key financial data published by the SUEZ Environnement Group were as follows:

#### STATEMENT OF FINANCIAL POSITION

| <i>In millions of euros</i> | <b>Dec. 31, 2013</b> |
|-----------------------------|----------------------|
| Non-current assets          | 18,550               |
| Current assets              | 8,158                |
| <b>TOTAL ASSETS</b>         | <b>26,708</b>        |
| Shareholders' equity        | 4,963                |
| Non-controlling interests   | 1,947                |
| Non-current liabilities     | 10,063               |
| Current liabilities         | 9,735                |
| <b>TOTAL LIABILITIES</b>    | <b>26,708</b>        |

#### INCOME STATEMENT

| <i>In millions of euros</i> | <b>Dec 31, 2013</b> |
|-----------------------------|---------------------|
| Revenues                    | 14,644              |
| Current operating income    | 1,184               |
| <b>NET INCOME</b>           | <b>602</b>          |

The table below shows the reconciliation between SUEZ Environnement's published Shareholders' equity and its carrying amount in GDF SUEZ Group's consolidated financial statements as well as the change in the equity-accounted value between July 22, 2013 and December 31, 2013:

#### EQUITY

| <i>In millions of euros</i>                                              | <b>Dec. 31, 2012</b> | <b>Income</b> | <b>Dividends</b> | <b>Revaluation gain as at July 22, 2013</b> | <b>Translation adjustments and others</b> | <b>Dec. 31, 2013</b> |
|--------------------------------------------------------------------------|----------------------|---------------|------------------|---------------------------------------------|-------------------------------------------|----------------------|
| SUEZ Environnement Shareholders' equity - published                      | 4,864                | 352           | (330)            | -                                           | 77                                        | 4,963                |
| Share in SUEZ Environnement equity                                       | 1,740                | 126           | (118)            | -                                           | 23                                        | 1,771                |
| Adjustments at GDF SUEZ level                                            | (289)                | (23)          | -                | 476                                         | (53)                                      | 111                  |
| <b>CARRYING AMOUNT OF SUEZ ENVIRONNEMENT AS INVESTMENT IN ASSOCIATES</b> | <b>1,451</b>         | <b>103</b>    | <b>(118)</b>     | <b>476</b>                                  | <b>(30)</b>                               | <b>1,882</b>         |

### 13.3 Key figures of associates (excluding SUEZ Environnement)

| <i>In millions of euros</i>                                     | % Control | % Interest | Total Assets <sup>(1)</sup> | Total Liabilities <sup>(1)</sup> | Equity <sup>(1)</sup> | Revenues <sup>(1)</sup> | Net income/ (loss) <sup>(1)</sup> |
|-----------------------------------------------------------------|-----------|------------|-----------------------------|----------------------------------|-----------------------|-------------------------|-----------------------------------|
| <b>At December 31, 2013</b>                                     |           |            |                             |                                  |                       |                         |                                   |
| Paiton (BEI, Indonesia)                                         | 40.5      | 40.5       | 3,389                       | 1,955                            | 1,433                 | 706                     | 157                               |
| Senoko (BEI, Singapore)                                         | 30.0      | 30.0       | 3,129                       | 2,066                            | 1,063                 | 2,339                   | 109                               |
| GASAG (BEE, Germany)                                            | 31.6      | 31.6       | 2,602                       | 1,988                            | 615                   | 1,285                   | 65                                |
| ISAB Energy (BEI, Italy)                                        | 49.0      | 34.3       | 675                         | 242                              | 433                   | 593                     | 59                                |
| Canadian renewable energy activities (BEI, Canada)              | 40.0      | 40.0       | 1,459                       | 935                              | 524                   | 115                     | (1)                               |
| Astoria Energy, Phase I (BEI, United States)                    | 44.8      | 44.8       | 785                         | 404                              | 381                   | 25                      | (2)                               |
| Umm Al Nar (BEI, United Arab Emirates)                          | 20.0      | 20.0       | 1,210                       | 691                              | 519                   | 197                     | 66                                |
| GTT (B3G, France)                                               | 40.0      | 40.0       | 352                         | 131                              | 220                   | 219                     | 98                                |
| Walloon inter-municipal companies (BEE, Belgium) <sup>(2)</sup> | 25.0      | 25.0       | 3,618                       | 2,266                            | 1,352                 | 896                     | 147                               |
| <b>At December 31, 2012</b>                                     |           |            |                             |                                  |                       |                         |                                   |
| Paiton (BEI, Indonesia)                                         | 40.5      | 40.5       | 3,928                       | 2,427                            | 1,501                 | 816                     | 161                               |
| Senoko (BEI, Singapore) <sup>(3)</sup>                          | 30.0      | 30.0       | 3,515                       | 2,477                            | 1,038                 | 1,366                   | 89                                |
| GASAG (BEE, Germany)                                            | 31.6      | 31.6       | 2,575                       | 1,861                            | 714                   | 1,371                   | (38)                              |
| ISAB Energy (BEI, Italy)                                        | 49.0      | 34.3       | 763                         | 382                              | 381                   | 608                     | 69                                |
| Canadian renewable energy activities (BEI, Canada)              | 40.0      | 40.0       | 1,246                       | 931                              | 315                   | 10                      | 2                                 |
| Umm Al Nar (BEI, United Arab Emirates)                          | 20.0      | 20.0       | 1,251                       | 814                              | 436                   | 206                     | 91                                |
| GTT (B3G, France)                                               | 40.0      | 40.0       | 150                         | 101                              | 48                    | 90                      | 12                                |
| Walloon inter-municipal companies (BEE, Belgium) <sup>(2)</sup> | 25.0      | 25.0       | 3,496                       | 2,167                            | 1,329                 | 926                     | 232                               |

(1) The key figures for associates are presented at a 100% basis.

(2) Based on the combined financial data for the previous financial year, which have been restated in accordance with IFRS.

(3) Senoko's revenues and net income are related to the second half of 2012.



## NOTE 14 INVESTMENTS IN JOINT VENTURES

The contributions of the main joint ventures to the Group's consolidated financial statements are as follows:

| <i>In millions of euros</i>                                      | % Control | % Interest | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Revenues     | Net income/(loss) |
|------------------------------------------------------------------|-----------|------------|----------------|--------------------|---------------------|-------------------------|--------------|-------------------|
| <b>At December 31, 2013</b>                                      |           |            |                |                    |                     |                         |              |                   |
| Portfolio of power generation assets in Portugal (BEE, Portugal) | 50.0      | 50.0       | 76             | 548                | 136                 | 272                     | 25           | 11                |
| WSW Energie und Wasser (BEE, Germany)                            | 33.1      | 33.1       | 30             | 207                | 55                  | 59                      | 214          | (12)              |
| Eco Electrica Project (BEI, Puerto Rico)                         | 50.0      | 35.0       | 79             | 352                | 34                  | 93                      | 155          | 35                |
| Other                                                            |           |            | 1,387          | 2,237              | 1,793               | 1,001                   | 1,499        | (103)             |
| <b>TOTAL</b>                                                     |           |            | <b>1,572</b>   | <b>3,344</b>       | <b>2,018</b>        | <b>1,425</b>            | <b>1,893</b> | <b>(69)</b>       |
| <b>At December 31, 2012</b>                                      |           |            |                |                    |                     |                         |              |                   |
| Energia Sustentável do Brasil (BEI, Brazil) <sup>(1)</sup>       | 60.0      | 60.0       | 197            | 3,036              | 209                 | 1,717                   | -            | (95)              |
| WSW Energie und Wasser (BEE, Germany)                            | 33.1      | 33.1       | 43             | 300                | 54                  | 75                      | 189          | 20                |
| Senoko (BEI, Singapore)                                          | -         | -          | -              | -                  | -                   | -                       | 387          | 12                |
| Eco Electrica Project (BEI, Puerto Rico)                         | 50.0      | 35.0       | 82             | 384                | 49                  | 108                     | 158          | 26                |
| Other                                                            |           |            | 1,591          | 3,665              | 2,092               | 1,797                   | 1,910        | (204)             |
| <b>TOTAL</b>                                                     |           |            | <b>1,913</b>   | <b>7,386</b>       | <b>2,404</b>        | <b>3,696</b>            | <b>2,643</b> | <b>(241)</b>      |

(1) Entity presented on the line items assets and liabilities held for Sale at December 31, 2013.

Since the disposal of a 20% share in Energia Sustentável do Brasil (Jirau) was not completed at December 31, 2013 (see Note 2 "Main changes in Group structure"), the assets and liabilities of this 60% proportionally integrated entity are classified as held for sale.

The Group sold a 50% stake in its portfolio of power generation assets in Portugal (see Note 2 "Main changes in Group structure"), the contributions of the entities now proportionally consolidated (Eurowind, Turbogás and Elecgas) to the income statement (not material in 2013) and to the statement of financial position are presented in the table above.

Following its change in method of consolidation that occurred on June 29, 2012 (see Note 2 "Main changes in Group structure"), the contribution of Senoko to the income statement has been presented as a "Share in net income of associates" from July 1, 2012 (see Note 13 "Investments in associates"). The revenues and the net income, presented in the table above, are the contribution of Senoko for the first half of 2012.

### NOTE 15 FINANCIAL INSTRUMENTS

#### 15.1 Financial assets

The following table presents the Group's different categories of financial assets, broken down into current and non-current items:

| In millions of euros                                                                   | Dec. 31, 2013 |               |               | Dec. 31, 2012 |               |               |
|----------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                        | Non-current   | Current       | Total         | Non-current   | Current       | Total         |
| Available-for-sale securities                                                          | 3,015         | -             | 3,015         | 3,398         | -             | 3,398         |
| Loans and receivables at amortized cost                                                | 2,368         | 22,396        | 24,764        | 3,541         | 26,664        | 30,206        |
| <i>Loans and receivables at amortized cost (excluding trade and other receivables)</i> | 2,368         | 1,078         | 3,446         | 3,541         | 1,630         | 5,171         |
| <i>Trade and other receivables</i>                                                     | -             | 21,318        | 21,318        | -             | 25,034        | 25,034        |
| Other financial assets at fair value                                                   | 2,351         | 4,829         | 7,179         | 3,108         | 4,711         | 7,819         |
| <i>Derivative instruments</i>                                                          | 2,351         | 3,825         | 6,175         | 3,108         | 4,280         | 7,387         |
| <i>Financial assets at fair value through income</i>                                   | -             | 1,004         | 1,004         | -             | 432           | 432           |
| Cash and cash equivalents                                                              | -             | 8,691         | 8,691         | -             | 11,383        | 11,383        |
| <b>TOTAL</b>                                                                           | <b>7,734</b>  | <b>35,915</b> | <b>43,649</b> | <b>10,047</b> | <b>42,758</b> | <b>52,805</b> |

At December 31, 2012, the financial assets of SUEZ Environnement, now accounted for under equity method (see Note 2.1 "Loss of control of SUEZ Environnement"), represent an amount of €7,594 million.

##### 15.1.1 Available-for-sale securities

In millions of euros

|                                                                                                      |              |
|------------------------------------------------------------------------------------------------------|--------------|
| <b>At December 31, 2011</b>                                                                          | <b>3,299</b> |
| Acquisitions                                                                                         | 142          |
| Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income" | (55)         |
| Disposals - "Other comprehensive income" derecognized                                                | (1)          |
| Other changes in fair value recorded in equity                                                       | 310          |
| Changes in fair value recorded in income                                                             | (191)        |
| Changes in scope of consolidation, foreign currency translation and other changes                    | (106)        |
| <b>At December 31, 2012</b>                                                                          | <b>3,398</b> |
| Acquisitions                                                                                         | 155          |
| Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income" | (51)         |
| Disposals - "Other comprehensive income" derecognized                                                | (104)        |
| Other changes in fair value recorded in equity                                                       | 53           |
| Changes in fair value recorded in income                                                             | (81)         |
| Changes in scope of consolidation, foreign currency translation and other changes                    | (355)        |
| <b>AT DECEMBER 31, 2013</b>                                                                          | <b>3,015</b> |

The Group's available-for-sale securities amounted to €3,015 million at December 31, 2013 breaking down as €1,140 million of listed securities and €1,875 million of unlisted securities (respectively, €1,309 million and €2,089 million at December 31, 2012).

Changes in scope consolidation are mainly due to the impact of the accounting for under equity method of SUEZ Environnement that amounted to -€393 million (see Note 2.1 "Loss of control of SUEZ Environnement").



### 15.1.1.1 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:

| In millions of euros              | Post-acquisition measurement |                      |                              |              |                        |                              |
|-----------------------------------|------------------------------|----------------------|------------------------------|--------------|------------------------|------------------------------|
|                                   | Dividends                    | Change in fair value | Foreign currency translation | Impairment   | Reclassified to income | Net gain/(loss) on disposals |
| Equity <sup>(1)</sup>             | -                            | 53                   | 14                           | -            | (104)                  | -                            |
| Income                            | 140                          | -                    | -                            | (81)         | 104                    | 115                          |
| <b>TOTAL AT DECEMBER 31, 2013</b> | <b>140</b>                   | <b>53</b>            | <b>14</b>                    | <b>(81)</b>  | <b>-</b>               | <b>115</b>                   |
| Equity <sup>(1)</sup>             | -                            | 310                  | -                            | -            | (1)                    | -                            |
| Income                            | 122                          | -                    | -                            | (191)        | 1                      | (5)                          |
| <b>TOTAL AT DECEMBER 31, 2012</b> | <b>122</b>                   | <b>310</b>           | <b>-</b>                     | <b>(191)</b> | <b>-</b>               | <b>(5)</b>                   |

(1) Excluding tax impact.

In 2013, gains (€104 million) recognized in equity within "Other comprehensive income" and reclassified to income result mainly from the disposal of Medgaz shares (€75 million).

Changes in fair value recognized in equity amounting to €53 million, include the impact of the loss of control of SUEZ Environnement for -€42 million.

### 15.1.1.2 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 any impairment losses should be recognized in light of the current market environment.

Among factors taken into account, 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 €81 million at December 31, 2013.

Based on its analyses, the Group did not recognize any other impairment losses on available-for-sale securities at December 31, 2013. Moreover, the Group has not identified any evidence of material unrealized capital losses as at December 31, 2013 on other securities.

In 2012, the Group recognized impairment losses of €84 million on Acea's listed securities at December 31, 2012, as a result of the prolonged decline of the market price below its historical cost.

### 15.1.2 Loans and receivables at amortized cost

| In millions of euros                                                            | Dec. 31, 2013 |               |               | Dec. 31, 2012 |               |               |
|---------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                 | Non-current   | Current       | Total         | Non-current   | Current       | Total         |
| Loans and receivables at amortized cost (excluding trade and other receivables) | 2,368         | 1,078         | 3,446         | 3,541         | 1,630         | 5,171         |
| Loans granted to affiliated companies                                           | 490           | 402           | 892           | 805           | 543           | 1,348         |
| Other receivables at amortized cost                                             | 792           | 51            | 842           | 847           | 297           | 1,144         |
| Amounts receivable under concession contracts                                   | 20            | 492           | 512           | 421           | 628           | 1,049         |
| Amounts receivable under finance leases                                         | 1,066         | 133           | 1,199         | 1,468         | 162           | 1,630         |
| Trade and other receivables                                                     | -             | 21,318        | 21,318        | -             | 25,034        | 25,034        |
| <b>TOTAL</b>                                                                    | <b>2,368</b>  | <b>22,396</b> | <b>24,764</b> | <b>3,541</b>  | <b>26,664</b> | <b>30,206</b> |



## Notes to the consolidated financial statements

### NOTE 15 FINANCIAL INSTRUMENTS

The table below shows impairment losses on loans and receivables at amortized cost:

| <i>In millions of euros</i>                                                     | Dec. 31, 2013 |                           |               | Dec. 31, 2012 |                           |               |
|---------------------------------------------------------------------------------|---------------|---------------------------|---------------|---------------|---------------------------|---------------|
|                                                                                 | Gross         | Allowances and impairment | Net           | Gross         | Allowances and impairment | Net           |
| Loans and receivables at amortized cost (excluding trade and other receivables) | 3,710         | (264)                     | 3,446         | 5,556         | (385)                     | 5,171         |
| Trade and other receivables                                                     | 22,238        | (919)                     | 21,318        | 26,079        | (1,044)                   | 25,034        |
| <b>TOTAL</b>                                                                    | <b>25,948</b> | <b>(1,184)</b>            | <b>24,764</b> | <b>31,635</b> | <b>(1,430)</b>            | <b>30,206</b> |

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 16.2 "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:

| <i>In millions of euros</i> | Post-acquisition measurement |                              |              |
|-----------------------------|------------------------------|------------------------------|--------------|
|                             | Interest income              | Foreign currency translation | Impairment   |
| At December 31, 2012        | 155                          | (6)                          | (134)        |
| <b>At December 31, 2013</b> | <b>96</b>                    | <b>(5)</b>                   | <b>(152)</b> |

#### Loans and receivables at amortized cost (excluding trade and other receivables)

At December 31, 2013 and December 31, 2012, 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 the fair value.

Impairment losses recognized against trade and other receivables amounted to €919 million at end-2013 and €1,044 million at end-2012.

### 15.1.3 Other financial assets at fair value through income

| <i>In millions of euros</i>                                                   | Dec. 31, 2013 |              |              | Dec. 31, 2012 |              |              |
|-------------------------------------------------------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|
|                                                                               | Non-current   | Current      | Total        | Non-current   | Current      | Total        |
| <b>Derivative instruments</b>                                                 | <b>2,351</b>  | <b>3,825</b> | <b>6,175</b> | <b>3,108</b>  | <b>4,280</b> | <b>7,387</b> |
| Derivatives hedging borrowings                                                | 638           | 157          | 795          | 1,363         | 102          | 1,464        |
| Derivatives hedging commodities                                               | 878           | 3,645        | 4,523        | 737           | 4,155        | 4,893        |
| Derivatives hedging other items                                               | 834           | 22           | 857          | 1,008         | 23           | 1,030        |
| <b>Financial assets at fair value through income (excluding margin calls)</b> | <b>-</b>      | <b>735</b>   | <b>735</b>   | <b>-</b>      | <b>255</b>   | <b>255</b>   |
| Financial assets qualifying as at fair value through income                   | -             | 735          | 735          | -             | 255          | 255          |
| Financial assets designated as at fair value through income                   | -             | -            | -            | -             | -            | -            |
| <b>Margin calls on derivatives hedging borrowings - assets</b>                | <b>-</b>      | <b>269</b>   | <b>269</b>   | <b>-</b>      | <b>177</b>   | <b>177</b>   |
| <b>TOTAL</b>                                                                  | <b>2,351</b>  | <b>4,829</b> | <b>7,179</b> | <b>3,108</b>  | <b>4,711</b> | <b>7,819</b> |

Financial assets qualifying as at fair value through income (excluding derivatives) are mainly money market funds held for trading purposes and held to be sold in the near term. They are included in the calculation of the Group's net debt (see Note 15.3 "Net debt").

Gains on financial assets at fair value through income (excluding derivatives) held for trading purposes totaled €9 million in 2013 versus €7 million in 2012.

Gains and losses on financial assets designated as at fair value through income in 2013 and 2012 were not material.



### 15.1.4 Cash and cash equivalents

"Cash and cash equivalents totaled" €8,691 million at December 31, 2013 (€11,383 million at December 31, 2012).

At end-2013, this amount included €224 million in cash and cash equivalents subject to restrictions (€270 million at December 31, 2012). Cash and cash equivalents subject to restrictions include chiefly €139 million of cash equivalents set aside to cover the repayment of borrowings and debt as part of project financing arrangements in certain subsidiaries.

Gains recognized in respect of "Cash and cash equivalents" amounted to €113 million in 2013 compared to €177 million in 2012.

### 15.1.5 Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material

As indicated in Note 18.2 "Nuclear dismantling liabilities", the Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted the Group's wholly-owned subsidiary Synatom responsibility for managing and investing funds received 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 are either lent to entities meeting the credit quality criteria set by the law or invested in financial assets such as bonds and money-market funds.

Loans to third parties entities and other cash investments are shown in the table below:

| <i>In millions of euros</i>   | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-------------------------------|----------------------|----------------------|
| <b>Loans to third parties</b> | <b>688</b>           | <b>696</b>           |
| Loan to Eso/Elia              | 454                  | 454                  |
| Loan to Eandis                | 80                   | 80                   |
| Loan to Ores                  | 80                   | 80                   |
| Loan to Sibelga               | 74                   | 82                   |
| <b>Other cash investments</b> | <b>779</b>           | <b>733</b>           |
| Bond portfolio                | 159                  | 213                  |
| Money market funds            | 620                  | 520                  |
| <b>TOTAL</b>                  | <b>1,467</b>         | <b>1,429</b>         |

Loans to third parties entities are shown in the statement of financial position as "Loans and receivables at amortized cost". Bonds and money market funds held by Synatom are shown as "Available-for-sale securities".

### 15.1.6 Transfer of financial assets

At December 31, 2013, the outstanding amount of transferred financial assets (as well as the risks to which the Group remains exposed

following the transfer of those financial assets) as part of transactions leading to either (i) all or part of those assets being retained in the statement of financial position, or (ii) to their full derecognition while retaining a continuing involvement in these financial assets, were not material in terms of the Group's aggregates.

At December 2013, the Group proceeded to a sale without recourse of €480 million of financial assets as part of transactions leading to full derecognition.

### 15.1.7 Financial assets and equity instruments pledged as collateral for borrowings and debt

| <i>In millions of euros</i>                                   | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|---------------------------------------------------------------|----------------------|----------------------|
| Financial assets and equity instruments pledged as collateral | 4,687                | 5,821                |

This item mainly includes equity instruments pledged as collateral for borrowings and debt.

### 15.2 Financial liabilities

Financial liabilities are recognized either:

- ▶ as “Liabilities at amortized cost” for borrowings and debt, trade and other payables, and other financial liabilities;
- ▶ as “Financial liabilities at fair value through income” for derivative instruments or financial liabilities designated as derivatives.

The following table presents the Group’s different financial liabilities at December 31, broken down into current and non-current items:

| <i>In millions of euros</i> | Dec. 31, 2013 |               |               | Dec. 31, 2012 |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                             | Non-current   | Current       | Total         | Non-current   | Current       | Total         |
| Borrowings and debt         | 29,424        | 10,490        | 39,914        | 45,247        | 11,962        | 57,209        |
| Derivative instruments      | 2,101         | 4,062         | 6,163         | 2,751         | 4,092         | 6,844         |
| Trade and other payables    | -             | 16,599        | 16,599        | -             | 19,481        | 19,481        |
| Other financial liabilities | 158           | -             | 158           | 343           | -             | 343           |
| <b>TOTAL</b>                | <b>31,684</b> | <b>31,151</b> | <b>62,835</b> | <b>48,341</b> | <b>35,536</b> | <b>83,877</b> |

At December 31, 2012, the financial liabilities of SUEZ Environnement, now accounted for under equity method (see Note 2.1 “Loss of control of SUEZ Environnement”), represent an amount of €12,817 million.

#### 15.2.1 Borrowings and debt

| <i>In millions of euros</i>                                  | Dec. 31, 2013 |               |               | Dec. 31, 2012 |               |               |
|--------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                              | Non-current   | Current       | Total         | Non-current   | Current       | Total         |
| Bond issues                                                  | 21,265        | 1,775         | 23,040        | 30,309        | 1,099         | 31,407        |
| Commercial paper                                             | -             | 5,187         | 5,187         | -             | 5,378         | 5,378         |
| Drawdowns on credit facilities                               | 662           | 34            | 696           | 1,582         | 319           | 1,902         |
| Liabilities under finance leases                             | 399           | 105           | 503           | 913           | 447           | 1,360         |
| Other bank borrowings                                        | 6,568         | 1,553         | 8,121         | 10,595        | 1,565         | 12,161        |
| Other borrowings                                             | 539           | 74            | 613           | 982           | 143           | 1,125         |
| <b>TOTAL BORROWINGS</b>                                      | <b>29,432</b> | <b>8,729</b>  | <b>38,160</b> | <b>44,381</b> | <b>8,951</b>  | <b>53,332</b> |
| Bank overdrafts and current accounts                         | -             | 573           | 573           | -             | 1,326         | 1,326         |
| <b>OUTSTANDING BORROWINGS AND DEBT</b>                       | <b>29,432</b> | <b>9,302</b>  | <b>38,734</b> | <b>44,381</b> | <b>10,277</b> | <b>54,658</b> |
| Impact of measurement at amortized cost                      | (115)         | 575           | 460           | 331           | 692           | 1,023         |
| Impact of fair value hedges                                  | 108           | 44            | 152           | 535           | 89            | 624           |
| Margin calls on derivatives hedging borrowings - liabilities | -             | 569           | 569           | -             | 904           | 904           |
| <b>BORROWINGS AND DEBT</b>                                   | <b>29,424</b> | <b>10,490</b> | <b>39,914</b> | <b>45,247</b> | <b>11,962</b> | <b>57,209</b> |

The fair value of gross borrowings and debt amounted to €41,580 million at December 31, 2013, compared with a carrying amount of €39,914 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 15.3 “Net debt”.



### 15.2.2 Derivative instruments

Derivative instruments recorded in liabilities are evaluated at fair value and broken down as follows:

| <i>In millions of euros</i>     | Dec. 31, 2013 |              |              | Dec. 31, 2012 |              |              |
|---------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|
|                                 | Non-current   | Current      | Total        | Non-current   | Current      | Total        |
| Derivatives hedging borrowings  | 339           | 168          | 507          | 225           | 54           | 279          |
| Derivatives hedging commodities | 1,010         | 3,704        | 4,714        | 724           | 3,960        | 4,684        |
| Derivatives hedging other items | 752           | 190          | 943          | 1,803         | 78           | 1,881        |
| <b>TOTAL</b>                    | <b>2,101</b>  | <b>4,062</b> | <b>6,163</b> | <b>2,751</b>  | <b>4,092</b> | <b>6,844</b> |

### 15.2.3 Trade and other payables

| <i>In millions of euros</i> | Dec. 31, 2013 | Dec. 31, 2012 |
|-----------------------------|---------------|---------------|
| Trade payables              | 15,788        | 17,981        |
| Payable on fixed assets     | 811           | 1,500         |
| <b>TOTAL</b>                | <b>16,599</b> | <b>19,481</b> |

The carrying amount of these financial liabilities represents a reasonable estimate of their fair value.

### 15.2.4 Other financial liabilities

At December 31, 2013, other financial liabilities amounted to €158 million as against €343 million at December 31, 2012. 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 been recognized

under financial liabilities (see Note 1.4.11.2 "Financial liabilities") and concern:

- 33.20% of the capital of Compagnie Nationale du Rhône (CNR);
- 41.01% of the capital of La Compagnie du Vent.

The exercise of the options on CNR is conditional on the abolition of the French "Murcef" law, while the exercise of the options on La Compagnie du Vent may now take place in several phases (see Note 28 "Legal and anti-trust proceedings").

The Group also holds call options on these shares as part of agreements entered into between the parties.

### 15.3 Net debt

#### 15.3.1 Net debt by type

| In millions of euros                                                                               | Dec 31, 2013  |                |                 | Dec. 31, 2012  |                 |                 |
|----------------------------------------------------------------------------------------------------|---------------|----------------|-----------------|----------------|-----------------|-----------------|
|                                                                                                    | Non-current   | Current        | Total           | Non-current    | Current         | Total           |
| Borrowings and debt outstanding                                                                    | 29,432        | 9,302          | 38,734          | 44,381         | 10,277          | 54,658          |
| Impact of measurement at amortized cost                                                            | (115)         | 575            | 460             | 331            | 692             | 1,023           |
| Impact of fair value hedge <sup>(1)</sup>                                                          | 108           | 44             | 152             | 535            | 89              | 624             |
| Margin calls on derivatives hedging borrowings - liabilities                                       | -             | 569            | 569             | -              | 904             | 904             |
| <b>BORROWINGS AND DEBT</b>                                                                         | <b>29,424</b> | <b>10,490</b>  | <b>39,914</b>   | <b>45,247</b>  | <b>11,962</b>   | <b>57,209</b>   |
| Derivatives hedging borrowings - carried in liabilities <sup>(2)</sup>                             | 339           | 168            | 507             | 225            | 54              | 279             |
| <b>GROSS DEBT</b>                                                                                  | <b>29,763</b> | <b>10,658</b>  | <b>40,421</b>   | <b>45,472</b>  | <b>12,017</b>   | <b>57,489</b>   |
| Assets related to financing                                                                        | (77)          | (14)           | (91)            | (59)           | (237)           | (295)           |
| <b>ASSETS RELATED TO FINANCING</b>                                                                 | <b>(77)</b>   | <b>(14)</b>    | <b>(91)</b>     | <b>(59)</b>    | <b>(237)</b>    | <b>(295)</b>    |
| Financial assets at fair value through income (excluding margin calls)                             | -             | (735)          | (735)           | -              | (255)           | (255)           |
| Margin calls on derivatives hedging borrowings - carried in assets                                 | -             | (269)          | (269)           | -              | (177)           | (177)           |
| Cash and cash equivalents                                                                          | -             | (8,691)        | (8,691)         | -              | (11,383)        | (11,383)        |
| Derivatives hedging borrowings - carried in assets <sup>(2)</sup>                                  | (638)         | (157)          | (795)           | (1,363)        | (102)           | (1,464)         |
| <b>NET CASH</b>                                                                                    | <b>(638)</b>  | <b>(9,852)</b> | <b>(10,490)</b> | <b>(1,363)</b> | <b>(11,916)</b> | <b>(13,279)</b> |
| <b>NET DEBT</b>                                                                                    | <b>29,048</b> | <b>791</b>     | <b>29,840</b>   | <b>44,050</b>  | <b>(136)</b>    | <b>43,914</b>   |
| Borrowings and debt outstanding                                                                    | 29,432        | 9,302          | 38,734          | 44,381         | 10,277          | 54,658          |
| Assets related to financing                                                                        | (77)          | (14)           | (91)            | (59)           | (237)           | (295)           |
| Financial assets at fair value through income (excluding margin calls)                             | -             | (735)          | (735)           | -              | (255)           | (255)           |
| Cash and cash equivalents                                                                          | -             | (8,691)        | (8,691)         | -              | (11,383)        | (11,383)        |
| <b>NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST</b> | <b>29,355</b> | <b>(138)</b>   | <b>29,217</b>   | <b>44,323</b>  | <b>(1,598)</b>  | <b>42,725</b>   |

(1) This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship.

(2) This item represents the fair value of debt-related derivatives irrespective of whether or not they are qualified as hedges.

#### 15.3.2 Main events of the period

##### 15.3.2.1 Impact of changes in the scope of consolidation and in the exchange rates on changes in net debt

In 2013, changes in the scope of consolidation and exchange rates led to a €14,498 million decrease in net debt, reflecting:

- SUEZ Environnement's accounting for under the equity method following the termination of the shareholders' agreement which resulted in a €7,799 million decrease in net debt;
- the disposals carried out as part of the "portfolio optimization" program (see Note 2.2 "Disposals carried out during the 2013 year") which reduced net debt by €3,429 million;
- the classification of Energia Sustentável do Brasil (Jirau) and Futures Energies Investissement Holding within "Assets held for sale" (see Note 2.3 "Assets held for sale") which resulted in a €2,146 million decrease in net debt at December 31, 2013;

- changes in exchange rates in 2013 which resulted in a €1,124 million decrease in net debt (including €457 million in relation to the Brazilian real and €245 million in relation to the US dollar).

##### 15.3.2.2 Financing and refinancing transactions

The Group carried out the following transactions in 2013:

###### Buyback of bond issues

On July 3, 2013, GDF SUEZ SA issued deeply-subordinated perpetual notes enabling the Group to raise the equivalent of €1.7 billion (see Note 17.7 "Hybrid issue of perpetual subordinated notes"). This allowed the Group to buy back bonds on July 15, 2013, with an aggregate par value of €1.3 billion, including:

- €101 million in Electrabel bonds with a coupon of 4.75% and maturing on April 10, 2015;
- €159 million in Belgelec Finance bonds with a coupon of 5.125% and maturing on June 24, 2015;



- €295 million in GDF SUEZ SA bonds with a coupon of 5.625% and maturing on January 18, 2016;
- €289 million in GDF SUEZ SA bonds with a coupon of 6.875% and maturing on January 24, 2019;
- €456 million in GDF SUEZ SA bonds with a coupon of 3.125% and maturing on January 21, 2020.

#### Buyback of irredeemable and non-voting securities

On June 20, 2013, GDF SUEZ launched an offer to buy back listed irredeemable and non-voting securities (titres participatifs) issued in 1985 by GDF SUEZ (formerly Gaz de France). Prior to the transaction, the carrying amount of these instruments recognized in borrowings and debt amounted to €557 million.

The unit price proposed for the offer was €800 i.e., 104.952% of the par value.

As a result of the offer, which closed on July 16, 2013, 56.6% of the 562,402 outstanding securities were bought back for a total of €255 million. The repurchased securities have been canceled.

A further 49,593 securities were subsequently bought back.

#### Other refinancing transactions

GDF SUEZ redeemed the remaining €968 million of the €1,250 million bond issue paying interest of 4.75% which matured on February 19, 2013. The Group had redeemed €125 million worth of these bonds in 2010 and €157 million in 2011.

GDF SUEZ carried out €485 million in private placements including: a €100 million 20-year bond issue on March 25, 2013 paying interest of 3.38% and a €200 million 7-year bond issue on April 16, 2013 paying 3-month Euribor + 58 bps.

As part of its debt restructuring, the Group bought back during 2013 52.9% of First Hydro (BEI – United Kingdom) bonds, i.e., £212 million out of a total nominal amount of £400 million. These bonds, which had a carrying amount of £246 million at December 31, 2012, were bought back for £292 million (€349 million).

On December 18, 2013, International Power plc agreed a 20-month GBP 400 million credit facility with Lloyds Bank, with an option to extend the facility for a further 16 months, paying 3-month GBP Libor +22.5 bps.

On June 7, 2013 SOLFEA carried out a €165 million three-year bond issue paying interest of 1.5%.

## 15.4 Financial instruments by level in the fair value hierarchy

### 15.4.1 Financial assets

The table below shows the allocation of financial instruments carried in assets to the different levels in the fair value hierarchy:

| In millions of euros                                                                                                 | Dec. 31, 2013 |              |              |              | Dec. 31, 2012 |              |              |              |
|----------------------------------------------------------------------------------------------------------------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
|                                                                                                                      | Total         | Level 1      | Level 2      | Level 3      | Total         | Level 1      | Level 2      | Level 3      |
| Available-for-sale securities                                                                                        | 3,015         | 1,140        | -            | 1,875        | 3,398         | 1,309        | -            | 2,089        |
| Loans and receivables at amortized cost (excluding trade and other receivables) used in designated fair value hedges | 497           | -            | 497          | -            | 416           | -            | 416          | -            |
| Derivative instruments                                                                                               | 6,175         | 125          | 5,947        | 103          | 7,387         | 108          | 7,192        | 88           |
| <i>Derivatives hedging borrowings</i>                                                                                | 795           | -            | 795          | -            | 1,464         | -            | 1,464        | -            |
| <i>Derivatives hedging commodities - relating to portfolio management activities</i>                                 | 2,368         | 121          | 2,153        | 94           | 2,282         | 101          | 2,105        | 77           |
| <i>Derivatives hedging commodities - relating to trading activities</i>                                              | 2,155         | 4            | 2,141        | 9            | 2,610         | 7            | 2,592        | 11           |
| <i>Derivatives hedging other items</i>                                                                               | 857           | -            | 857          | -            | 1,030         | -            | 1,030        | -            |
| Financial assets at fair value through income (excluding margin calls)                                               | 735           | 13           | 722          | -            | 255           | 125          | 129          | -            |
| <i>Financial assets qualifying as at fair value through income</i>                                                   | 735           | 13           | 722          | -            | 255           | 125          | 129          | -            |
| <i>Financial assets designated as at fair value through income</i>                                                   | -             | -            | -            | -            | -             | -            | -            | -            |
| <b>TOTAL</b>                                                                                                         | <b>10,422</b> | <b>1,278</b> | <b>7,165</b> | <b>1,978</b> | <b>11,456</b> | <b>1,542</b> | <b>7,738</b> | <b>2,177</b> |

A definition of these three levels is presented in Note 1.4.11.3 "Derivatives and hedge accounting".

### Available-for-sale securities

Listed securities – measured at their market price at the end of the reporting date – 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, 2013, changes in level 3 available-for-sale securities can be analyzed as follows:

| <i>In millions of euros</i>                                                                          | <b>Available-for-sale securities</b> |
|------------------------------------------------------------------------------------------------------|--------------------------------------|
| <b>At December 31, 2012</b>                                                                          | <b>2,089</b>                         |
| Acquisitions                                                                                         | 26                                   |
| Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income" | 44                                   |
| Disposals - "Other comprehensive income" derecognized                                                | (104)                                |
| Other changes in fair value recorded in equity                                                       | 76                                   |
| Changes in fair value recorded in income                                                             | (81)                                 |
| Changes in scope of consolidation, foreign currency translation and other changes                    | (176)                                |
| <b>At December 31, 2013</b>                                                                          | <b>1,875</b>                         |
| Gains/(losses) recorded in income relating to instruments held at the end of the period              | 50                                   |

A 10% gain or loss in the market price of unlisted shares would generate a gain or loss (before tax) of around €187 million on the Group's comprehensive income.

### 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 of the underlying forward price, 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.



### 15.4.2 Financial liabilities

The table below shows allocation of financial instruments carried in liabilities to the different levels in the fair value hierarchy:

| <i>In millions of euros</i>                                                          | Dec. 31, 2013 |               |               |            | Dec. 31, 2012 |               |               |            |
|--------------------------------------------------------------------------------------|---------------|---------------|---------------|------------|---------------|---------------|---------------|------------|
|                                                                                      | Total         | Level 1       | Level 2       | Level 3    | Total         | Level 1       | Level 2       | Level 3    |
| Borrowings used in designated fair value hedges                                      | 4,212         | -             | 4,212         | -          | 11,027        | -             | 11,027        | -          |
| Borrowings not used in designated fair value hedges                                  | 37,368        | 20,643        | 16,725        | -          | 51,801        | 24,729        | 27,072        | -          |
| Derivative instruments                                                               | 6,163         | 115           | 5,945         | 102        | 6,844         | 67            | 6,600         | 176        |
| <i>Derivatives hedging borrowings</i>                                                | 507           | -             | 507           | -          | 279           | -             | 279           | -          |
| <i>Derivatives hedging commodities - relating to portfolio management activities</i> | 2,811         | 108           | 2,609         | 94         | 2,271         | 48            | 2,115         | 108        |
| <i>Derivatives hedging commodities - relating to trading activities</i>              | 1,902         | 7             | 1,887         | 8          | 2,412         | 19            | 2,385         | 8          |
| <i>Derivatives hedging other items</i>                                               | 943           | -             | 943           | -          | 1,881         | -             | 1,821         | 60         |
| <b>TOTAL</b>                                                                         | <b>47,743</b> | <b>20,759</b> | <b>26,882</b> | <b>102</b> | <b>69,671</b> | <b>24,796</b> | <b>44,699</b> | <b>176</b> |

#### Borrowings used in designated fair value hedges

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.

#### Borrowings not used in designated fair value hedges

Listed bond issues are included in level 1.

Other borrowings not used in a designated hedging relationship are presented in level 2 in the above table. The fair value of these borrowings is determined on the basis of futures discounted cash flows and relies on directly or indirectly observable data.

#### Derivative instruments

The classification of derivative financial instruments in the fair value hierarchy is detailed in Note 15.4.1 "Financial assets".

### 15.5 Offsetting of financial derivative instrument assets and liabilities

Net amounts of financial derivative instruments after taking into account enforceable master netting arrangements or similar agreements, whether or not they are set off in accordance with paragraph 42 of IAS 32, are presented in the table below:

#### AT DECEMBER 2013

| <i>In millions of euros</i> |                                                | Gross amount | Net amount recognized in the statement of financial position <sup>(1)</sup> | Other offsetting agreements <sup>(2)</sup> | Total net amount |
|-----------------------------|------------------------------------------------|--------------|-----------------------------------------------------------------------------|--------------------------------------------|------------------|
| <b>Assets</b>               | Derivatives hedging commodities                | 4,927        | 4,523                                                                       | (3,410)                                    | 1,113            |
|                             | Derivatives hedging borrowings and other items | 1,655        | 1,652                                                                       | (545)                                      | 1,107            |
| <b>Liabilities</b>          | Derivatives hedging commodities                | (5,117)      | (4,714)                                                                     | 4,354                                      | (360)            |
|                             | Derivatives hedging borrowings and other items | (1,453)      | (1,450)                                                                     | 265                                        | (1,185)          |

(1) Net amount recognized in the statement of financial position after taking into accounts IAS 32 offsetting impacts that are set off in accordance with IAS 32.42 criteria.

(2) Other offsetting amounts include collateral and other guarantee instruments, as well as other offsetting impacts that do not meet some or all of the offsetting criteria in IAS 32.42.



AT DECEMBER 2012

| In millions of euros |                                                | Gross amount | Net amount<br>recognized in the<br>statement<br>of financial<br>position <sup>(1)</sup> | Other offsetting<br>agreements <sup>(2)</sup> | Total net<br>amount |
|----------------------|------------------------------------------------|--------------|-----------------------------------------------------------------------------------------|-----------------------------------------------|---------------------|
| Assets               | Derivatives hedging commodities                | 5,305        | 4,893                                                                                   | (3,426)                                       | 1,467               |
|                      | Derivatives hedging borrowings and other items | 2,497        | 2,494                                                                                   | (740)                                         | 1,754               |
| Liabilities          | Derivatives hedging commodities                | (5,096)      | (4,684)                                                                                 | 4,002                                         | (681)               |
|                      | Derivatives hedging borrowings and other items | (2,163)      | (2,160)                                                                                 | 164                                           | (1,996)             |

(1) Net amount recognized in the statement of financial position after taking into accounts IAS 32 offsetting impacts that are set off in accordance with IAS 32.42 criteria.

(2) Other offsetting amounts include collateral and other guarantee instruments, as well as other offsetting impacts that do not meet some or all of the offsetting criteria in IAS 32.42.

## NOTE 16 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 2, "Risk factors" of the Registration Document.

### 16.1 Market risks

#### 16.1.1 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<sub>2</sub> 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.

#### 16.1.1.1 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.

Sensitivities of the commodity-related financial derivatives portfolio used as part of the portfolio management activities as at December 31, 2013 are detailed in the table below. They are not representative of future changes in consolidated earnings and equity, insofar as they do not include the sensitivities relating to the purchase and sale contracts for the underlying commodities.

SENSITIVITY ANALYSIS <sup>(1)</sup>

| In millions of euros           | Changes in price | Dec. 31, 2013            |                          | Dec. 31, 2012            |                          |
|--------------------------------|------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                |                  | 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     | 253                      | 19                       | 200                      | (6)                      |
| Natural gas                    | +3 €/MWh         | (5)                      | (119)                    | 13                       | (186)                    |
| Electricity                    | +5 €/MWh         | (377)                    | (61)                     | (333)                    | 45                       |
| Coal                           | +10 \$US/ton     | 66                       | 39                       | 60                       | 69                       |
| Greenhouse gas emission rights | +2 €/ton         | 164                      | -                        | 169                      | (4)                      |
| EUR/USD                        | +10%             | (335)                    | (40)                     | (315)                    | (13)                     |
| EUR/GBP                        | +10%             | 18                       | (10)                     | 80                       | 22                       |
| GBP/USD                        | +10%             | 7                        | -                        | 21                       | -                        |

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities.

As options contracts are not frequently used, the sensitivity analysis is symmetrical for price increases and decreases.

## 16.1.1.2 Trading activities

The Group's trading activities are primarily conducted within GDF SUEZ Trading and GDF Suez Energy Management Trading. The purpose of these wholly-owned companies 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 €243 million for the year ended December 31, 2013 (€258 million in 2012).

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 USED

| In millions of euros | Dec. 31, 2013 | 2013 average <sup>(1)</sup> | 2013 maximum <sup>(2)</sup> | 2013 minimum <sup>(2)</sup> | 2012 average <sup>(1)</sup> |
|----------------------|---------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Trading activities   | 2             | 3                           | 6                           | 1                           | 4                           |

(1) Average daily VaR.

(2) Maximum and minimum daily VAR observed in 2013.

## 16.1.2 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, 2013 and December 31, 2012 are indicated in the table below:

|                                                                    | Dec. 31, 2013 |              |                |                | Dec. 31, 2012 |              |              |                |
|--------------------------------------------------------------------|---------------|--------------|----------------|----------------|---------------|--------------|--------------|----------------|
|                                                                    | Assets        |              | Liabilities    |                | Assets        |              | Liabilities  |                |
|                                                                    | Non-current   | Current      | Non-current    | Current        | Non-current   | Current      | Non-current  | Current        |
| <i>In millions of euros</i>                                        |               |              |                |                |               |              |              |                |
| Derivative instruments relating to portfolio management activities | 878           | 1,490        | (1,010)        | (1,801)        | 737           | 1,545        | (724)        | (1,548)        |
| Cash flow hedges                                                   | 152           | 348          | (202)          | (439)          | 273           | 614          | (256)        | (551)          |
| Other derivative instruments                                       | 726           | 1,142        | (808)          | (1,363)        | 464           | 931          | (467)        | (996)          |
| Derivative instruments relating to trading activities              | -             | 2,155        | -              | (1,902)        | -             | 2,610        | -            | (2,412)        |
| <b>TOTAL</b>                                                       | <b>878</b>    | <b>3,645</b> | <b>(1,010)</b> | <b>(3,704)</b> | <b>737</b>    | <b>4,155</b> | <b>(724)</b> | <b>(3,960)</b> |

See also Notes 15.1.3 "Other financial assets at fair value through income" and 15.2.2 "Derivative instruments".

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.

### 16.1.2.1 Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

|                             | Dec. 31, 2013 |            |              |              | Dec. 31, 2012 |            |              |              |
|-----------------------------|---------------|------------|--------------|--------------|---------------|------------|--------------|--------------|
|                             | Assets        |            | Liabilities  |              | Assets        |            | Liabilities  |              |
|                             | Non-current   | Current    | Non-current  | Current      | Non-current   | Current    | Non-current  | Current      |
| <i>In millions of euros</i> |               |            |              |              |               |            |              |              |
| Natural gas                 | 23            | 69         | (26)         | (100)        | 33            | 157        | (30)         | (144)        |
| Electricity                 | 105           | 235        | (110)        | (181)        | 165           | 266        | (129)        | (217)        |
| Coal                        | -             | 11         | (39)         | (89)         | 6             | 17         | (42)         | (75)         |
| Oil                         | 2             | 30         | (3)          | (17)         | 20            | 158        | (19)         | (76)         |
| Other                       | 22            | 3          | (24)         | (51)         | 49            | 16         | (36)         | (39)         |
| <b>TOTAL</b>                | <b>152</b>    | <b>348</b> | <b>(202)</b> | <b>(439)</b> | <b>273</b>    | <b>614</b> | <b>(256)</b> | <b>(551)</b> |

Notional amounts and maturities of cash flow hedges are as follows:

#### NOTIONAL AMOUNTS (NET)<sup>(1)</sup>

|                                | Unit                 | Total<br>at Dec. 31, 2013 | 2014     | 2015     | 2016  | 2017 | 2018 | Beyond<br>5 years |
|--------------------------------|----------------------|---------------------------|----------|----------|-------|------|------|-------------------|
| Natural gas                    | GWh                  | (51,804)                  | (44,593) | (10,641) | 3,116 | 314  | -    | -                 |
| Electricity                    | GWh                  | (12,697)                  | (15,031) | 703      | 1,301 | 331  | -    | -                 |
| Coal                           | Thousands of tons    | 5,733                     | 3,935    | 1,678    | 120   | -    | -    | -                 |
| Oil-based products             | Thousands of barrels | 6,482                     | 6,279    | 295      | (93)  | -    | -    | -                 |
| Greenhouse gas emission rights | Thousands of tons    | 374                       | 354      | 20       | -     | -    | -    | -                 |

(1) Long/(short) position.



At December 31, 2013, a loss of €83 million was recognized in equity in respect of cash flow hedges, versus a loss of €127 million at end-2012. A gain of €163 million was reclassified from equity to income in 2013, compared with a gain of €393 million reclassified in 2012.

Gains and losses arising from the ineffective portion of hedges are taken to income. A gain of €2 million was recognized in income in 2013, compared with a loss of €29 million in 2012.

### 16.1.2.2 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.

### 16.1.3.1 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, 2013  |               | Dec. 31, 2012  |               |
|------------------|----------------|---------------|----------------|---------------|
|                  | Before hedging | After hedging | Before hedging | After hedging |
| EUR              | 65%            | 69%           | 63%            | 66%           |
| USD              | 12%            | 13%           | 12%            | 14%           |
| GBP              | 10%            | 4%            | 8%             | 3%            |
| Other currencies | 13%            | 14%           | 17%            | 17%           |
| <b>TOTAL</b>     | <b>100%</b>    | <b>100%</b>   | <b>100%</b>    | <b>100%</b>   |

#### NET DEBT

|                  | Dec. 31, 2013  |               | Dec. 31, 2012  |               |
|------------------|----------------|---------------|----------------|---------------|
|                  | Before hedging | After hedging | Before hedging | After hedging |
| EUR              | 62%            | 67%           | 62%            | 65%           |
| USD              | 14%            | 15%           | 13%            | 16%           |
| GBP              | 12%            | 5%            | 8%             | 3%            |
| Other currencies | 12%            | 13%           | 17%            | 16%           |
| <b>TOTAL</b>     | <b>100%</b>    | <b>100%</b>   | <b>100%</b>    | <b>100%</b>   |

### 16.1.3.2 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) and financial instruments qualified as net investment hedges 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

### 16.1.3 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 subsidiaries in Brazil, Thailand, Norway, the United Kingdom, Australia, United States and assets considered to be dollar based.

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 €24 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 €619 million on equity. This impact is countered by the offsetting change in the net investment hedged.

### 16.1.4 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, 2013, 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.

In 2013, the Group has contracted 2014, 2016 and 2018 forward interest rate pre-hedges with 5, 10 and 20 years maturities in order to protect refinancing interest rate of a portion of its debt.

#### 16.1.4.1 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, 2013  |               | Dec. 31, 2012  |               |
|---------------|----------------|---------------|----------------|---------------|
|               | Before hedging | After hedging | Before hedging | After hedging |
| Floating rate | 38%            | 38%           | 38%            | 39%           |
| Fixed rate    | 62%            | 62%           | 62%            | 61%           |
| <b>TOTAL</b>  | <b>100%</b>    | <b>100%</b>   | <b>100%</b>    | <b>100%</b>   |

#### NET DEBT

|               | Dec. 31, 2013  |               | Dec. 31, 2012  |               |
|---------------|----------------|---------------|----------------|---------------|
|               | Before hedging | After hedging | Before hedging | After hedging |
| Floating rate | 19%            | 19%           | 21%            | 22%           |
| Fixed rate    | 81%            | 81%           | 79%            | 78%           |
| <b>TOTAL</b>  | <b>100%</b>    | <b>100%</b>   | <b>100%</b>    | <b>100%</b>   |

#### 16.1.4.2 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 relating to net debt) 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 €57 million. A fall of 1% in short-term interest rates would reduce net interest expense by €57 million.

In the income statement, a uniform rise of 1% in interest rates (across all currencies) on derivative instruments not qualifying for hedge accounting would result in a gain of €210 million attributable to changes in the fair value of derivatives. However, a fall of 1% in interest rates would generate a loss of €249 million. The asymmetrical impacts are attributable to the interest rate options portfolio.

#### Impact on equity

A uniform rise of 1% in interest rates (across all currencies) would have a positive impact of €425 million on equity, attributable to changes in the interest rate impact of the fair value of derivative instruments designated as cash flow and net investment hedges recognized in the statement of financial position. However, a fall of 1% in interest rates would have a negative impact of €527 million.



### 16.1.4.3 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 DERIVATIVES

| <i>In millions of euros</i>                                | Dec. 31, 2013 |                | Dec. 31, 2012 |                |
|------------------------------------------------------------|---------------|----------------|---------------|----------------|
|                                                            | Fair value    | Nominal amount | Fair value    | Nominal amount |
| Fair-value hedges                                          | -             | -              | 64            | 1,953          |
| Cash-flow hedges                                           | (203)         | 3,933          | (36)          | 4,101          |
| Net investment hedges                                      | 101           | 6,269          | 65            | 6,288          |
| Derivative instruments not qualifying for hedge accounting | 88            | 11,167         | (38)          | 13,881         |
| <b>TOTAL</b>                                               | <b>(14)</b>   | <b>21,369</b>  | <b>55</b>     | <b>26,222</b>  |

#### INTEREST RATE DERIVATIVES

| <i>In millions of euros</i>                                | Dec. 31, 2013 |                | Dec. 31, 2012 |                |
|------------------------------------------------------------|---------------|----------------|---------------|----------------|
|                                                            | Fair value    | Nominal amount | Fair value    | Nominal amount |
| Fair-value hedges                                          | 107           | 4,579          | 804           | 6,546          |
| Cash-flow hedges                                           | (80)          | 7,219          | (460)         | 4,568          |
| Derivative instruments not qualifying for hedge accounting | 190           | 35,957         | (66)          | 28,239         |
| <b>TOTAL</b>                                               | <b>217</b>    | <b>47,755</b>  | <b>279</b>    | <b>39,353</b>  |

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.

#### Fair value hedges

At December 31, 2013, the net impact of fair value hedges recognized in the income statement is a loss of €17 million.

#### Cash flow hedges

Foreign currency and interest rate derivatives designated as cash flow hedges can be analyzed as follows by maturity:

##### At December 2013

| <i>In millions of euros</i>                | Total | 2014 | 2015 | 2016 | 2017 | 2018 | Beyond 5 years |
|--------------------------------------------|-------|------|------|------|------|------|----------------|
| Fair value of derivatives by maturity date | (283) | (35) | (61) | (32) | (57) | 13   | (112)          |

##### At December 2012

| <i>In millions of euros</i>                | Total | 2013 | 2014 | 2015 | 2016 | 2017 | Beyond 5 years |
|--------------------------------------------|-------|------|------|------|------|------|----------------|
| Fair value of derivatives by maturity date | (496) | (51) | (74) | (51) | (43) | (28) | (249)          |

At December 31, 2013, a loss of €363 million was recognized in equity.

The amount reclassified from equity to income in the period was a gain of €5 million.

The ineffective portion of cash flow hedges recognized in income was a gain of €12 million.

#### Net investment hedges

The ineffective portion of net investment hedges recognized in income represented a loss of €7 million.

### 16.2 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).

#### 16.2.1 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.

Under the Group's policy, each business line is responsible for managing counterparty risk, although the Group continues to manage the biggest counterparty exposures.

The credit quality of large- and mid-sized counterparties with which the Group has exposures above a certain threshold is measured based on a specific ratings process, while a simplified credit scoring process is used for commercial customers with which the Group has fairly low exposures. 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).

The Group's Energy Market Risk Committee 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

| In millions of euros | Past due assets not impaired at the reporting date |             |               |       | Impaired assets | Assets neither impaired nor past due | Total  |
|----------------------|----------------------------------------------------|-------------|---------------|-------|-----------------|--------------------------------------|--------|
|                      | 0-6 months                                         | 6-12 months | Beyond 1 year | Total | Total           | Total                                |        |
| At December 31, 2013 | 873                                                | 268         | 266           | 1,407 | 1,163           | 19,668                               | 22,238 |
| At December 31, 2012 | 1,273                                              | 373         | 335           | 1,981 | 1,452           | 22,646                               | 26,079 |

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

| In millions of euros                                      | Dec. 31, 2013                   |       | Dec. 31, 2012                   |       |
|-----------------------------------------------------------|---------------------------------|-------|---------------------------------|-------|
|                                                           | Investment Grade <sup>(3)</sup> | Total | Investment Grade <sup>(3)</sup> | Total |
| Gross exposure <sup>(1)</sup>                             | 4,080                           | 4,523 | 4,617                           | 4,893 |
| Net exposure <sup>(2)</sup>                               | 900                             | 1,063 | 1,418                           | 1,575 |
| % of credit exposure to "Investment Grade" counterparties | 84.7%                           |       | 90.0%                           |       |

(1) Corresponds to the maximum exposure, i.e. the value of the derivatives shown under balance sheet assets (positive fair value).

(2) After taking into account the liability positions with the same counterparties (negative fair value), collateral, netting agreements and other credit enhancement techniques.

(3) Investment Grade corresponds to transactions with counterparties that are rated at least BBB- by Standard & Poor's, Baa3 by Moody's, or equivalent by Dun & Bradstreet. "Investment Grade" is also determined based on an internal rating tool that is rolled out within the Group, and covers its main counterparties.



## 16.2.2 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.

### 16.2.2.1 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)

| In millions of euros | Past due assets not impaired at the reporting date |             |               |       | Impaired assets | Assets neither impaired nor past due |       |
|----------------------|----------------------------------------------------|-------------|---------------|-------|-----------------|--------------------------------------|-------|
|                      | 0-6 months                                         | 6-12 months | Beyond 1 year | Total | Total           | Total                                | Total |
| At December 31, 2013 | 20                                                 | 9           | 98            | 128   | 295             | 3,221                                | 3,644 |
| At December 31, 2012 | 10                                                 | 11          | 98            | 119   | 408             | 4,982                                | 5,509 |

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 -€264 million, -€1 million and €68 million, respectively, at December 31, 2013 (compared to -€385 million, -€2 million, and €49 million, respectively, at December 31, 2012). Changes in these items are presented in Note 15.1.2, "Loans and receivables at amortized cost".

### 16.2.2.2 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. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

At December 31, 2013, total outstandings exposed to credit risk amounted to €9,542 million.

| In millions of euros    | Dec. 31, 2013 |                                 |                        |                                     | Dec. 31, 2012 |                                 |                        |                                     |
|-------------------------|---------------|---------------------------------|------------------------|-------------------------------------|---------------|---------------------------------|------------------------|-------------------------------------|
|                         | Total         | Investment Grade <sup>(2)</sup> | Unrated <sup>(3)</sup> | Non Investment Grade <sup>(3)</sup> | Total         | Investment Grade <sup>(2)</sup> | Unrated <sup>(3)</sup> | Non Investment Grade <sup>(3)</sup> |
| Exposure <sup>(1)</sup> | 9,542         | 93.0%                           | 6.0%                   | 1.0%                                | 12,046        | 91.0%                           | 8.0%                   | 1.0%                                |

(1) After taking collateralization agreements into account.

(2) Counterparties that are rated at least BBB- by Standard & Poors and Baa3 by Moody's.

(3) Most of these two exposures is carried by consolidated companies that include non-controlling interests, or by Group companies that operate in emerging countries, where cash cannot be pooled and is therefore invested locally.

At December 31, 2013, no single counterparty represented more than 27% of cash investments.

### 16.3 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 calls put in place when commodity, interest rate and currency derivatives are negotiated.

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 in 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 (98% of cash pooled at December 31, 2013 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 in the United States.

At December 31, 2013, bank loans accounted for 26% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €23,040 million in bonds, or 60% of gross debt).

Outstanding short-term commercial paper issues represented 14% of gross debt, or €5,187 million at December 31, 2013. 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 and financial assets qualifying or designated as at fair value through income, totaled €9,426 million at December 31, 2013, of which 80% was invested in the Euro zone.

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 €14,184 million at December 31, 2013, of which €13,488 million was available and undrawn. 92% of total credit lines and of undrawn facilities are centralized. None of these centralized facilities contains a default clause linked to covenants or minimum credit ratings.

At December 31, 2013, seven entities of the Group whose debt is consolidated do not fulfill a covenant included in their financial disclosures, however no default was referred to by the counterparties; waivers are either currently under discussion or already granted. In January 2014, lenders of one of these entities have raised an event of default with the intention to negotiate a financial standstill. These failures have no impact on lines available to the Group.



### 16.3.1 Undiscounted contractual payments relating to financial activities

At December 31, 2013, undiscounted contractual payments on net debt (excluding the impact of derivatives and amortized cost) break down as follows by maturity:

#### AT DECEMBER 31, 2013

| <i>In millions of euros</i>                                                                        | <b>Total</b>  | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>Beyond 5 years</b> |
|----------------------------------------------------------------------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
| Bond issues                                                                                        | 23,040        | 1,775        | 1,808        | 2,396        | 2,759        | 2,032        | 12,269                |
| Commercial paper                                                                                   | 5,187         | 5,187        | -            | -            | -            | -            | -                     |
| Drawdowns on credit facilities                                                                     | 696           | 34           | 12           | 11           | 19           | 10           | 609                   |
| Liabilities under finance leases                                                                   | 503           | 105          | 75           | 75           | 75           | 66           | 108                   |
| Other bank borrowings                                                                              | 8,121         | 1,553        | 1,278        | 613          | 991          | 775          | 2,913                 |
| Other borrowings                                                                                   | 613           | 74           | 52           | 56           | 157          | 12           | 263                   |
| Bank overdrafts and current accounts                                                               | 573           | 573          | -            | -            | -            | -            | -                     |
| <b>OUTSTANDING BORROWINGS AND DEBT</b>                                                             | <b>38,734</b> | <b>9,302</b> | <b>3,224</b> | <b>3,152</b> | <b>4,001</b> | <b>2,895</b> | <b>16,160</b>         |
| Assets related to financing                                                                        | (91)          | (14)         | (1)          | (2)          | (1)          | -            | (73)                  |
| Financial assets qualifying or designated as at fair value through income                          | (735)         | (735)        | -            | -            | -            | -            | -                     |
| Cash and cash equivalents                                                                          | (8,691)       | (8,691)      | -            | -            | -            | -            | -                     |
| <b>NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST</b> | <b>29,217</b> | <b>(138)</b> | <b>3,223</b> | <b>3,150</b> | <b>4,000</b> | <b>2,895</b> | <b>16,087</b>         |

#### AT DECEMBER 31, 2012

| <i>In millions of euros</i>                                                                                                          | <b>Total</b>  | <b>2013</b>    | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  | <b>2017</b>  | <b>Beyond 5 years</b> |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|--------------|--------------|--------------|--------------|-----------------------|
| <b>OUTSTANDING BORROWINGS AND DEBT</b>                                                                                               | <b>54,658</b> | <b>10,277</b>  | <b>4,955</b> | <b>3,487</b> | <b>4,422</b> | <b>4,967</b> | <b>26,550</b>         |
| Assets related to financing, Financial assets qualifying or designated as at fair value through income and Cash and cash equivalents | (11,933)      | (11,875)       | -            | -            | -            | (1)          | (58)                  |
| <b>NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST</b>                                   | <b>42,725</b> | <b>(1,598)</b> | <b>4,955</b> | <b>3,487</b> | <b>4,422</b> | <b>4,966</b> | <b>26,492</b>         |

At December 2012, SUEZ Environnement contribution to outstanding borrowings and debt and net debt excluding the impact of derivative instruments, cash collateral and amortized cost amounted to €9,516 million and €7,254 million respectively.

At December 31, 2013, undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

#### AT DECEMBER 31, 2013

| <i>In millions of euros</i>                                                | <b>Total</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>Beyond 5 years</b> |
|----------------------------------------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Undiscounted contractual interest flows on outstanding borrowings and debt | 13,140       | 1,268       | 1,151       | 1,058       | 988         | 853         | 7,821                 |

#### AT DECEMBER 31, 2012

| <i>In millions of euros</i>                                                | <b>Total</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>Beyond 5 years</b> |
|----------------------------------------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Undiscounted contractual interest flows on outstanding borrowings and debt | 19,823       | 2,012       | 1,892       | 1,741       | 1,590       | 1,450       | 11,137                |

At December 2012, SUEZ Environnement contribution to undiscounted contractual interest payments on outstanding borrowings and debt amounted to €3,384 million.



## Notes to the consolidated financial statements

### NOTE 16 RISKS ARISING FROM FINANCIAL INSTRUMENTS

At December 31, 2013, 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, 2013

| <i>In millions of euros</i>                   | <b>Total</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>Beyond 5 years</b> |
|-----------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Derivatives (excluding commodity instruments) | (783)        | (134)       | (113)       | (83)        | -           | (51)        | (401)                 |

#### AT DECEMBER 31, 2012

| <i>In millions of euros</i>                   | <b>Total</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>Beyond 5 years</b> |
|-----------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Derivatives (excluding commodity instruments) | (1,139)      | (229)       | (282)       | (114)       | (58)        | 2           | (458)                 |

At December 2012, SUEZ Environnement contribution to undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) amounted to - €166 million.

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, 2013

| <i>In millions of euros</i>                | <b>Total</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>Beyond 5 years</b> |
|--------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Confirmed undrawn credit facility programs | 13,488       | 2,400       | 4,899       | 1,245       | 152         | 4,555       | 237                   |

#### AT DECEMBER 31, 2012

| <i>In millions of euros</i>                | <b>Total</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>Beyond 5 years</b> |
|--------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Confirmed undrawn credit facility programs | 15,568       | 1,949       | 2,149       | 5,142       | 1,106       | 4,556       | 666                   |

Of these undrawn programs, an amount of €4, 839 million is allocated to covering commercial paper issues.

At December 2012, SUEZ Environnement contribution to confirmed undrawn credit facility programs amounted to €1,993 million.

At December 31, 2013, no single counterparty represented more than 6% of the Group's confirmed undrawn credit lines.



### 16.3.2 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

| <i>In millions of euros</i>                   | <b>Total</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>Beyond 5 years</b> |
|-----------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Derivative instruments carried in liabilities |              |             |             |             |             |             |                       |
| relating to portfolio management activities   | (2,820)      | (1,792)     | (730)       | (220)       | (23)        | (10)        | (45)                  |
| relating to trading activities                | (1,903)      | (1,903)     | -           | -           | -           | -           | -                     |
| Derivative instruments carried in assets      |              |             |             |             |             |             |                       |
| relating to portfolio management activities   | 2,391        | 1,489       | 632         | 192         | 31          | 22          | 26                    |
| relating to trading activities                | 2,155        | 2,155       | -           | -           | -           | -           | -                     |
| <b>TOTAL AT DECEMBER 31, 2013</b>             | <b>(177)</b> | <b>(51)</b> | <b>(98)</b> | <b>(28)</b> | <b>8</b>    | <b>11</b>   | <b>(19)</b>           |

| <i>In millions of euros</i>                   | <b>Total</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>Beyond 5 years</b> |
|-----------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Derivative instruments carried in liabilities |              |             |             |             |             |             |                       |
| relating to portfolio management activities   | (2,284)      | (1,551)     | (515)       | (142)       | (29)        | (13)        | (35)                  |
| relating to trading activities                | (2,411)      | (2,411)     | -           | -           | -           | -           | -                     |
| Derivative instruments carried in assets      |              |             |             |             |             |             |                       |
| relating to portfolio management activities   | 2,308        | 1,557       | 510         | 171         | 2           | 41          | 27                    |
| relating to trading activities                | 2,609        | 2,609       | -           | -           | -           | -           | -                     |
| <b>TOTAL AT DECEMBER 31, 2012</b>             | <b>222</b>   | <b>204</b>  | <b>(5)</b>  | <b>29</b>   | <b>(27)</b> | <b>28</b>   | <b>(8)</b>            |

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.

### 16.3.3 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 Europe and Energy International business lines (expressed in TWh):

| <i>In TWh</i>  | <b>Total at Dec. 31, 2013</b> | <b>2014</b> | <b>2015-2018</b> | <b>Beyond 5 years</b> | <b>Total at Dec. 31, 2012</b> |
|----------------|-------------------------------|-------------|------------------|-----------------------|-------------------------------|
| Firm purchases | (8,472)                       | (1,179)     | (2,873)          | (4,421)               | (8,980)                       |
| Firm sales     | 1,578                         | 426         | 545              | 607                   | 1,993                         |

### 16.3.4 Equity risk

At December 31, 2013, available-for-sale securities held by the Group amounted to €3,015 million (see Note 15.1.1 "Available-for-sale securities").

A fall of 10% in the market price of listed shares would have a negative impact (before tax) of around €114 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 17 EQUITY

#### 17.1 Share capital

|                                           | Number of shares     |                     |                      | Value<br>(in millions of euros) |                            |                |
|-------------------------------------------|----------------------|---------------------|----------------------|---------------------------------|----------------------------|----------------|
|                                           | Total                | Treasury stock      | Outstanding          | Share Capital                   | Additional paid-in capital | Treasury stock |
| <b>AT DECEMBER 31, 2011</b>               | <b>2,252,636,208</b> | <b>(38,883,494)</b> | <b>2,213,752,714</b> | <b>2,253</b>                    | <b>29,716</b>              | <b>(930)</b>   |
| Share issuance                            | 4,604,700            |                     | 4,604,700            | 5                               | 68                         |                |
| Share-based dividend payments             | 155,583,181          |                     | 155,583,181          | 156                             | 2,438                      |                |
| Transfer to the legal reserve             |                      |                     |                      |                                 | (15)                       |                |
| Purchases and disposals of treasury stock |                      | (16,650,339)        | (16,650,339)         |                                 |                            | (276)          |
| <b>AT DECEMBER 31, 2012</b>               | <b>2,412,824,089</b> | <b>(55,533,833)</b> | <b>2,357,290,256</b> | <b>2,413</b>                    | <b>32,207</b>              | <b>(1,206)</b> |
| Purchases and disposals of treasury stock |                      | 2,990,812           | 2,990,812            |                                 |                            | 97             |
| <b>AT DECEMBER 31, 2013</b>               | <b>2,412,824,089</b> | <b>(52,543,021)</b> | <b>2,360,281,068</b> | <b>2,413</b>                    | <b>32,207</b>              | <b>(1,109)</b> |

The decrease in the number of shares during 2013 resulted from:

- ▶ net acquisitions carried out in connection with the liquidity agreement amounting to 0.3 million of treasury shares;
- ▶ the delivery of treasury stock for 3 million as part of the implementation of new stock option purchase or bonus share plans. No repurchase of shares was made in 2013 (see Note 17.3 "Treasury stock").

Changes in the number of shares during 2012 resulted from:

- ▶ the exercise of stock subscription options amounting to 4.6 million shares;
- ▶ net acquisitions of shares amounting to 16.7 million shares;
- ▶ the payment in shares of a portion of the 2011 dividend balance on the one hand and on the other hand a part of the 2012 interim dividend. In total this resulted in a cash payment of €767 million and a share payment with a value of €2,594 million, which caused the issue of 155,583,181 new shares.

#### 17.2 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 option plans in force at December 31, 2013 are described in Note 24.1.1 "Details of stock option plans in force". The maximum number of new shares that could be issued if these options were to be exercised amount to 10.1 million at December 31, 2013.

Shares to be allocated under Bonus Share and Performance Share award plans, described in Note 24.3 "Bonus shares and Performance Shares", will be covered by existing GDF SUEZ SA shares.

#### 17.3 Treasury stock

The Group has a stock repurchase program as a result of the authorization granted to the Board of Directors by the Ordinary and Extraordinary shareholders' Meeting of April 23, 2013. 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 €9.6 billion, and the purchase price must be less than €40 per share, excluding the acquisition costs.

At December 31, 2013, the Group held 52.5 million treasury shares, of which 45.3 million were held to cover the Group's share commitments to employees and corporate officers, and 7.2 million were held in connection with the liquidity agreement.

The liquidity agreement signed with an investment services provider assigns the role of operating on the market on a daily basis to the latter, in order to buy or sell GDF SUEZ SA shares, with a view to provide liquidity and to ensure an active market for the shares on the Paris and Brussels stock exchanges. The resources allocated to the implementation of this agreement amounted to €150 million. The number of shares that may be purchased in connection with this agreement may not exceed 24.1 million shares.



## 17.4 Other disclosures concerning additional paid-in capital and consolidated reserves

Total additional paid-in capital and consolidated reserves (including net income/(loss) for the financial year), amount to €47,857 million at December 31, 2013 and include the GDF SUEZ SA legal reserve, which amounts to €241 million. Under French law, 5% of the net income of French companies must be allocated to the legal reserve, until the legal reserve reaches 10% of share capital. This reserve can only be distributed to shareholders in the event of liquidation.

Consolidated reserves also include cumulative actuarial differences, which represents losses of €1,301 million at December 31, 2013 (losses of €1,991 million at December 31, 2012) and deferred taxes on these actuarial differences, amounting to €432 million at December 31, 2013 (€644 million at December 31, 2012).

GDF SUEZ SA's distributable paid-in capital and reserves totaled €40,747 million at December 31, 2013 (compared with €43,623 million at December 31, 2012).

## 17.5 Dividends

The table below shows the dividends and interim dividends paid by GDF SUEZ SA in 2012 and 2013.

|                                                                         | Amount distributed<br>(in millions of euros) | Net dividend per share<br>(in euros) |
|-------------------------------------------------------------------------|----------------------------------------------|--------------------------------------|
| <b>In respect of 2012</b>                                               |                                              |                                      |
| Interim dividend (paid either in cash or in shares at October 25, 2012) | 1,887                                        | 0.83                                 |
| <i>paid in cash</i>                                                     | 427                                          | -                                    |
| <i>paid in shares</i>                                                   | 1,460                                        | -                                    |
| Remaining dividend for 2012 (paid at April 30, 2013)                    | 1,580                                        | 0.67                                 |
| <b>In respect of 2013</b>                                               |                                              |                                      |
| Interim dividend (paid at November 20, 2013)                            | 1,959                                        | 0.83                                 |

### Recommended dividend for 2013

Shareholders at the shareholders' Meeting convened to approve the Group's financial statements for the year ended December 31, 2013, will be asked to approve a dividend of €1.50 per share, representing a total payout of €3,540 million based on the number of shares outstanding at December 31, 2013. An interim dividend of €0.83 per share was paid on November 20, 2013, representing a total amount of €1,959 million.

The additional 3% contribution, set up by the Finance Act 2012, payable in accordance with the dividend and interim dividend distributed in April and in November 2013, amount to €106 million.

Subject to approval by the Annual Shareholders' Meeting, this dividend, net of the interim dividend paid, will be distributed on May 6, 2014 and is not recognized as a liability in the financial statements at December 31, 2013, since the financial statements at the end of 2013 are presented before the appropriation of earnings.

### 17.6 Total gains and losses recognized in equity (Group share)

| <i>In millions of euros</i>                                                             | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012 <sup>(1)</sup></b> |
|-----------------------------------------------------------------------------------------|----------------------|-------------------------------------|
| Available-for-sale financial assets                                                     | 415                  | 460                                 |
| Net investment hedges                                                                   | 245                  | (82)                                |
| Cash flow hedges (excl. Commodity instruments)                                          | (237)                | (690)                               |
| Commodity cash flow hedges                                                              | (40)                 | 215                                 |
| Deferred taxes on the items above                                                       | (39)                 | 143                                 |
| Share of associates of recyclable items, net of taxes                                   | (193)                | (288)                               |
| Translation adjustments                                                                 | (1,357)              | 235                                 |
| <b>TOTAL RECYCLABLE ITEMS</b>                                                           | <b>(1,204)</b>       | <b>(6)</b>                          |
| Actuarial gains and losses                                                              | (1,265)              | (1,960)                             |
| Deferred taxes on actuarial gains and losses                                            | 424                  | 641                                 |
| Share of associates in non-recyclable items on actuarial gains and losses, net of taxes | (29)                 | (29)                                |
| <b>TOTAL NON-RECYCLABLE ITEMS</b>                                                       | <b>(870)</b>         | <b>(1,347)</b>                      |
| <b>TOTAL</b>                                                                            | <b>(2,074)</b>       | <b>(1,354)</b>                      |

(1) The comparative data of December 31, 2012 have been restated in consequence of the application of the standard IAS19 Revised (see Note 1.1.1).

All the items shown in the table above can be classified to income in subsequent periods, except for the actuarial gains and losses which are shown within the consolidated reserves attributable to the Group.

### 17.7 Hybrid issue of perpetual subordinated notes

Within the framework of its current financing transactions, the Group carried out an hybrid issue of perpetual subordinated notes in euros and pounds sterling in 2013.

On July 3, 2013, GDF SUEZ issued deeply-subordinated perpetual notes enabling the Group to raise the equivalent of €1.7 billion in three tranches with an average coupon of 4.4%:

- ▶ a €600 million tranche with a coupon of 3.875% callable annually as from July 2018;
- ▶ a €750 million tranche with a coupon of 4.750% callable annually as from July 2021;
- ▶ a £300 million tranche with a coupon of 4.625% callable annually as from January 2019.

In accordance with the provisions of IAS 32 – Financial Instruments – Presentation, and in view of their characteristics, these instruments were recognized in equity in the Group's consolidated financial statements for a total amount of €1,657 million.

### 17.8 Non-controlling interests

In 2013 the non-controlling interests are mainly impacted by the loss of control of SUEZ Environnement (see Note 2 "Main changes in Group structure"). The decrease in book value of the non controlling interests due to this loss of control amounts to €5,152 million.

In 2012 the Group completed the acquisition of 30.26% of non-controlling interest in International Power. The carrying amount of the non-controlling interest acquired as a result of this transaction amounted to €5,841 million.

### 17.9 Capital management

GDF SUEZ looks to optimize its financial structure at all times by pursuing an optimal balance between its net debt and its EBITDA. The Group's key objective in managing its financial structure is to maximize value for shareholders, reduce the cost of capital, while at the same time ensuring the Group has the financial flexibility required to continue its expansion. 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 17.3 "Treasury stock"), issue new shares, launch share-based payment plans, recalibrate its investment budget, or sell assets in order to scale back its net financial debt.

The Group's policy is to maintain an "A" rating by the rating agencies. 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 ratio is the ratio where the numerator includes operating cash flows less net financial expense and taxes paid, and the denominator includes adjusted net financial debt. Net financial debt is mainly adjusted for nuclear provisions, provisions for unfunded pensions 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 18 PROVISIONS

| <i>In millions of euros</i>                                 | Dec. 31,<br>2012 | Additions    | Reversals<br>(utilizations) | Reversals<br>(surplus<br>provisions) | Changes<br>in scope of<br>consolidation | Impact of<br>unwinding<br>discount<br>adjustments | Translation<br>adjustments | Other       | Dec. 31,<br>2013 |
|-------------------------------------------------------------|------------------|--------------|-----------------------------|--------------------------------------|-----------------------------------------|---------------------------------------------------|----------------------------|-------------|------------------|
| Post-employment and other long-term benefits <sup>(1)</sup> | 5,600            | 260          | (317)                       | 1                                    | (653)                                   | 179                                               | (38)                       | (620)       | 4,412            |
| Back-end of the nuclear fuel cycle                          | 4,496            | 81           | (30)                        | (499)                                | -                                       | 191                                               | -                          | -           | 4,239            |
| Dismantling of plant and equipment <sup>(2)</sup>           | 3,088            | 29           | (8)                         | (5)                                  | (16)                                    | 171                                               | (10)                       | 523         | 3,771            |
| Site rehabilitation                                         | 1,730            | 29           | (26)                        | (11)                                 | (571)                                   | 36                                                | (64)                       | 104         | 1,228            |
| Litigations, claims, and tax risks                          | 927              | 510          | (338)                       | (75)                                 | (142)                                   | 8                                                 | (26)                       | 9           | 874              |
| Other contingencies                                         | 1,711            | 917          | (407)                       | (19)                                 | (455)                                   | 7                                                 | (15)                       | (82)        | 1,656            |
| <b>TOTAL PROVISIONS</b>                                     | <b>17,551</b>    | <b>1,827</b> | <b>(1,126)</b>              | <b>(608)</b>                         | <b>(1,837)</b>                          | <b>591</b>                                        | <b>(153)</b>               | <b>(66)</b> | <b>16,179</b>    |

(1) Comparative data as of December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

(2) Of which €3,364 million in provisions for dismantling nuclear facilities at December 31, 2013, versus €2,681 million at December 31, 2012.

Changes in the scope of consolidation relate mainly to changes in the method of consolidating SUEZ Environnement (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 comprises actuarial gains and losses arising on post-employment benefit obligations in 2013 and recorded in other comprehensive income. It also includes the impact of the revision of provisions for dismantling nuclear power plants (see Note 18.2 below) and 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:

| <i>In millions of euros</i>             | Dec. 31, 2013<br>Net allocations |
|-----------------------------------------|----------------------------------|
| Income/(loss) from operating activities | (52)                             |
| Other financial income and expenses     | 591                              |
| Income taxes                            | 145                              |
| <b>TOTAL</b>                            | <b>684</b>                       |

The different types of provisions and the calculation principles applied are described below.

### 18.1 Post-employment benefits and other long-term benefits

See Note 19 "Post-employment benefits and other long-term benefits".

### 18.2 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 processing of spent nuclear fuel.

#### 18.2.1 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.

Synatom submitted its triennial report to the Commission for Nuclear Provisions on September 18, 2013. The Commission issued its opinion on November 18, 2013 based on the favorable opinion given by ONDRAF, the Belgian agency for radioactive waste and enriched fissile materials.

The core inputs for measuring provisions were revised, including management scenarios, implementation program and timetable, detailed technical analyses (physical and radiological inventories), estimation methods and timing of expenditures, and discount rates.

The Group lowered its discount rate to 4.8% (inflation of 2.0% and an actual rate of 2.8%) from 5.0% previously further to the revised past and prospective analyses of the benchmark long-term rates.

The report accepted by the Commission maintains the dismantling strategy described in the 2010 report, i.e., (i) the facilities are dismantled immediately after the reactor is shut down (ii) in phases rather than on an individual basis and (iii) the land is subsequently returned to greenfield status.

The estimated costs involved were revised to take into account changes in ONDRAF's disposal tariffs, the experience of dismantling other power plants, the 10-year extension of the operating life of the Tihange 1 reactor and its impact on the timing of dismantling operations for the nuclear plant as a whole. These changes led to an increase of €445 million in the dismantling provision, for which the matching entry is an adjustment to the corresponding dismantling component carried in assets, which is depreciated over its remaining useful life. The immediate impact on income is therefore limited to the annual depreciation expense.

A "mixed" scenario was adopted for nuclear fuel processing and storage, in which around 25% of the fuel is reprocessed for use in the Group's power plants in Belgium, and around 75% is disposed of directly without being reprocessed. The previous approach used, whereby all spent fuel was reprocessed, is no longer relevant in today's industrial climate, given the uncertainties as to whether adequate reprocessing capacities will be available in the future and whether fuel will be reused after the reactors have been shut down.

The "mixed" scenario approved by the Commission led to a reduction of €499 million in the provision for back-end of the nuclear fuel cycle at December 31, 2013, for which the matching entry is recorded in income/(loss) from operating activities.

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 cost 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 estimated provision amounts include margins for contingencies and other risks that may arise in connection with dismantling and fuel management procedures. These margins are estimated by the Group for each cost category. The contingency margins relating to the disposal of waste are determined by ONDRAF and built into its tariffs.

The provisions recognized by the Group at December 31, 2013 were measured taking into account the prevailing contractual and legal framework, which sets the operating life of the Tihange 1 reactor at 50 years and the other reactors at 40 years.

The Belgian law of December 18, 2013 published in the Belgian Official Gazette on December 24, 2013 approved a 10-year extension of the operating life of Tihange 1. The operating life of the other reactors remained unchanged at 40 years. The Commission for Nuclear Provisions has accepted the 50-year lifespan for Tihange 1, but has asked for more details to be provided on the dismantling provision before June 30, 2014. The Group does not expect any material change in the dismantling provision as a result.

An extension of the operating lives of one or more of the four second-generation nuclear reactors would give rise to the postponement of the dismantling schedule. This could result in less efficient coordination of tasks compared to dismantling all the facilities at the same time. However, this would be offset by the deferral over time of the related expenditure. The changes to these provisions – subject to certain conditions – would be recognized against the assets concerned.

### 18.2.2 Provisions for nuclear fuel processing and storage

When spent nuclear fuel is removed from a reactor, it remains radioactive and requires processing. 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 has adopted a "mixed" scenario in which around one-quarter of total fuel is reprocessed for use in Belgian power plants, and the rest disposed of directly without reprocessing.

The Group books provisions to cover all of the costs linked to this "mixed" scenario, including on-site storage, transportation, reprocessing by an accredited facility, conditioning, storage and removal.

Provisions for nuclear fuel processing and storage are calculated based on the following principles and parameters:

- ▶ storage costs primarily comprise the costs of building and operating storage pools, along with the costs of purchasing containers. These costs will be incurred mainly between 2013 and 2028;
- ▶ between 2015 and 2025, part of the spent fuel is transferred for reprocessing. Reprocessing operations are scheduled to take place between 2016 and 2026. It is assumed that the plutonium resulting from this process will be sold to third parties;
- ▶ spent fuel that has not been reprocessed is to be conditioned between 2035 and 2052, which requires conditioning facilities to be built according to ONDRAF's approved criteria;
- ▶ the reprocessing residues and conditioned spent fuel will be transferred to ONDRAF between 2017 and 2053;
- ▶ the fuel will be buried in a deep geological repository between 2085 and 2095. The cost of this operation is estimated by ONDRAF;
- ▶ the principal cash outflows will be spread over a period until 2058;
- ▶ the long-term obligation is calculated using estimated internal and external costs are assessed based on offers received from third parties or fee proposals from independent organizations;



- ▶ the 4.8% discount rate used (actual rate of 2.8% versus 3.0% at end-2012 and an inflation rate of 2.0%) is based on an analysis of average, past and prospective changes in benchmark long-term rates;
- ▶ allocations to the provision are computed based on the average unit cost of quantities used up to the end of the operating life of the plant;
- ▶ an annual allocation is also recognized with respect to unwinding the discount on the provision.

The costs effectively incurred in the future may differ from the estimates in terms of their nature and timing of payment. The provisions may be adjusted in line with future changes in the above-mentioned parameters. However, these parameters are based on information and estimates which the Group deems reasonable to date and which have been approved by the Commission for Nuclear Provisions.

Belgium's current legal framework does not prescribe methods for managing nuclear waste. The reprocessing of spent fuel was suspended following a resolution adopted by the House of Representatives in 1993. The scenario adopted is based on the assumption that the Belgian government will allow Synatom to reprocess uranium and that an agreement will be reached between Belgium and France designating Areva as responsible for these reprocessing operations.

A scenario assuming the direct disposal of waste without reprocessing would lead to a decrease in the provision compared to the provision resulting from the "mixed" scenario approved by the Commission for Nuclear Provisions.

The Belgian government has not yet taken a decision as to whether the waste should be buried in a deep geological repository or stored over the long term. In accordance with the European Directive, the government has to adopt its plan for the management of spent fuel and radioactive waste by 2015. The scenario adopted by the Commission for Nuclear Provisions is based on the assumption that the waste will be buried in a deep geological repository as recommended in ONDRAF's waste management program. To date, there is no accredited site in Belgium. However, ONDRAF considers that by 2020 it will be able to confirm that Boom's clay facility can accept nuclear waste.

### 18.2.3 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 2.0% is applied until the dismantling obligations expire in order to determine the value of the future obligation;

- ▶ a discount rate of 4.8% (including 2.0% inflation) is applied to determine the present value (NPV) of the obligation. This rate is the same as the one used to calculate the provision for processing nuclear spent fuel;
- ▶ the operating life is 50 years for Tihange 1 and 40 years for the other facilities;
- ▶ it generally takes three to four years to shut down a reactor. The start of the technical shut-down procedures depends on the facility concerned and on the timing of operations for the nuclear reactor as a whole. The shutdown procedures are immediately followed by dismantling operations, which last from 9 to 13 years;
- ▶ 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 the remaining operating life 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.

The costs effectively incurred in the future may differ from the estimates in terms of their nature and timing of payment. The provisions may be adjusted in line with future changes in the above-mentioned parameters. However, these parameters are based on information and estimates which the Group deems reasonable to date and which have been approved by the Commission for Nuclear Provisions.

The scenario adopted is based on a dismantling program and on timetables that have to be approved by nuclear safety authorities.

Provisions are also recognized at the Group's share of the expected dismantling costs for the nuclear facilities in which it has drawing rights.

### 18.2.4 Sensitivity to discount rates

Based on currently applicable parameters in terms of estimated costs and the timing of payments, a change of 10 basis points in the discount rate could lead to an adjustment of around €100 million in dismantling and nuclear fuel processing 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.

Changes arising as a result of the review of the dismantling provision would not have an immediate impact on the income, since the matching entry under certain conditions would consist of adjusting the corresponding assets accordingly.

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.

### 18.3 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 estimates of proven and probable reserves using current production levels (another 250 years according to the International Energy Agency), dismantling provisions for gas infrastructures in France have a present value near zero.

### 18.4 Site rehabilitation

#### 18.4.1 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.

### 18.5 Contingencies and tax risks

This caption includes essentially provisions for commercial contingencies, and claims and tax disputes.

## NOTE 19 POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

### 19.1 Description of the main pension plans

The Group's main pension plans are described below.

#### 19.1.1 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, 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.

Pension benefit obligations and other "mutualized" obligations are assessed by the CNIEG.

At December 31, 2013, the projected benefit obligation in respect of the special pension scheme for EGI sector companies amounted to €2.5 billion (€2.8 billion at December 31, 2012).

The duration of the pension benefit obligation is 14 years.



### 19.1.2 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 EMT Corporate 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 11% of total pension obligations and related liabilities at December 31, 2013. The average duration is 8 years.

“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, 2013.

An expense of €20 million was recognized in 2013 in respect of these defined contribution plans (€18 million at December 31, 2012).

### 19.1.3 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 €94 million was recognized in 2013 in respect of multi-employer pension plans (€87 million at December 31, 2012).

### 19.1.4 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, Belgium and the Netherlands concern:

- ▶ 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 and a defined contribution plan was set up for new entrants;
- ▶ 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.

## 19.2 Description of other post-employment benefit obligations and long-term benefits

### 19.2.1 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.

#### 19.2.1.1 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 electricity to these same beneficiaries. 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 €1.9 billion. The duration of the obligation is 19 years.

### 19.2.1.2 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.

### 19.2.1.3 Compensation for occupational accidents and illnesses

EGL 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.

### 19.2.2 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.

### 19.2.3 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.

## 19.3 Defined benefit plans

### 19.3.1 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:

| <i>In millions of euros</i>                 | Provisions     | Plan assets | Reimbursement rights |
|---------------------------------------------|----------------|-------------|----------------------|
| <b>AT DECEMBER 31, 2011</b>                 | <b>(5,209)</b> | <b>13</b>   | <b>128</b>           |
| Impact of IAS19 Revised                     | 128            | -           | -                    |
| <b>AT JANUARY 1, 2012 <sup>(1)</sup></b>    | <b>(5,081)</b> | <b>13</b>   | <b>128</b>           |
| Exchange rate differences                   | 8              | -           | -                    |
| Changes in scope of consolidation and other | (25)           | 7           | -                    |
| Actuarial gains and losses                  | (650)          | (2)         | 15                   |
| Periodic pension cost                       | (546)          | 1           | 7                    |
| Asset ceiling                               | 1              | (4)         | -                    |
| Contributions/benefits paid                 | 693            | 4           | 9                    |
| <b>AT DECEMBER 31, 2012 <sup>(1)</sup></b>  | <b>(5,600)</b> | <b>18</b>   | <b>159</b>           |
| Exchange rate differences                   | 38             | -           | -                    |
| Changes in scope of consolidation and other | 654            | (5)         | -                    |
| Actuarial gains and losses                  | 622            | 9           | 3                    |
| Periodic pension cost                       | (548)          | (4)         | 4                    |
| Asset ceiling                               | (1)            | -           | -                    |
| Contributions/benefits paid                 | 424            | 54          | 1                    |
| <b>AT DECEMBER 31, 2013</b>                 | <b>(4,412)</b> | <b>72</b>   | <b>167</b>           |

(1) Comparative data at December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).



Plan assets and reimbursement rights are presented in the statement of financial position under "Other non-current assets" or "Other current assets".

Change in scope of consolidation and other mainly corresponds to the loss of control of SUEZ Environnement for an amount of €653 million.

The cost recognized for the period in the income statement amounts to €552 million in 2013 (€546 million in 2012). The components of

this defined benefit cost in the period are set out in Note 19.3.4, "Components of the net periodic pension cost".

The Euro zone represents 93% of the Group's net obligation at December 31, 2013 (compared to 89% at December 31, 2012).

Cumulative actuarial losses recognized in equity amounted to €1,416 million at December 31, 2013, compared to €2,282 million at December 31, 2012.

*In millions of euros*

|                                                           | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012<sup>(1)</sup></b> |
|-----------------------------------------------------------|----------------------|------------------------------------|
| <b>Opening balance</b>                                    | <b>2,282</b>         | <b>1,615</b>                       |
| Actuarial (gains)/losses generated during the fiscal year | (866)                | 667                                |
| <b>CLOSING BALANCE</b>                                    | <b>1,416</b>         | <b>2,282</b>                       |

*(1) Comparative data at December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).*

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 losses of €52 million in 2013 and net actuarial losses of €46 million in 2012. Net

actuarial differences arising in the period and presented on a separate line in the statement of comprehensive income represented a net actuarial gain totaling €633 million in 2013 and a net actuarial loss of €656 million in 2012.



### 19.3.2 Change in benefit obligations and plan assets

The table below shows the amount of the Group's projected benefit obligations and plan assets, changes in these items during the periods presented, and their reconciliation with the amounts reported in the statement of financial position:

|                                             | Dec 31, 2013                               |                                                          |                                               |          | Dec 31, 2012 <sup>(1)</sup>                |                                                          |                                               |         |          |
|---------------------------------------------|--------------------------------------------|----------------------------------------------------------|-----------------------------------------------|----------|--------------------------------------------|----------------------------------------------------------|-----------------------------------------------|---------|----------|
|                                             | Pension benefit obligations <sup>(2)</sup> | Other post-employment benefit obligations <sup>(3)</sup> | Long-term benefits obligations <sup>(4)</sup> |          | Pension benefit obligations <sup>(2)</sup> | Other post-employment benefit obligations <sup>(3)</sup> | Long-term benefits obligations <sup>(4)</sup> |         |          |
| <i>In millions of euros</i>                 |                                            |                                                          |                                               | Total    |                                            |                                                          |                                               | Total   |          |
| A - CHANGE IN PROJECTED BENEFIT OBLIGATION  |                                            |                                                          |                                               |          |                                            |                                                          |                                               |         |          |
| Projected benefit obligation at January 1   | (7,738)                                    | (2,688)                                                  | (537)                                         | (10,963) | (6,814)                                    | (2,418)                                                  | (524)                                         | (9,756) |          |
| Service cost                                | (278)                                      | (45)                                                     | (42)                                          | (365)    | (267)                                      | (38)                                                     | (42)                                          | (347)   |          |
| Interest expense                            | (252)                                      | (90)                                                     | (16)                                          | (358)    | (300)                                      | (97)                                                     | (21)                                          | (418)   |          |
| Contributions paid                          | (15)                                       | -                                                        | -                                             | (15)     | (15)                                       | -                                                        | -                                             | (15)    |          |
| Amendments                                  | (2)                                        | -                                                        | -                                             | (2)      | (7)                                        | -                                                        | -                                             | (7)     |          |
| Acquisitions/disposals of subsidiaries      | 878                                        | 252                                                      | 21                                            | 1,151    | (9)                                        | (8)                                                      | 2                                             | (16)    |          |
| Curtailments/settlements                    | 4                                          | 2                                                        | -                                             | 6        | 4                                          | 8                                                        | 15                                            | 26      |          |
| Non-recurring items                         | (4)                                        | (5)                                                      | -                                             | (9)      | (4)                                        | (1)                                                      | -                                             | (5)     |          |
| Financial actuarial gains and losses        | 468                                        | 67                                                       | (9)                                           | 527      | (760)                                      | (247)                                                    | (5)                                           | (1,012) |          |
| Demographic actuarial gains and losses      | 44                                         | 8                                                        | (2)                                           | 51       | (20)                                       | 17                                                       | -                                             | (4)     |          |
| Benefits paid                               | 358                                        | 100                                                      | 54                                            | 512      | 387                                        | 99                                                       | 48                                            | 534     |          |
| Other (translation adjustments)             | 157                                        | 8                                                        | -                                             | 164      | 68                                         | -                                                        | (11)                                          | 57      |          |
| Projected benefit obligation at December 31 | A                                          | (6,380)                                                  | (2,391)                                       | (531)    | (9,302)                                    | (7,738)                                                  | (2,688)                                       | (537)   | (10,963) |
| B - CHANGE IN FAIR VALUE OF PLAN ASSETS     |                                            |                                                          |                                               |          |                                            |                                                          |                                               |         |          |
| Fair value of plan assets at January 1      | 5,335                                      | 51                                                       | -                                             | 5,386    | 4,648                                      | 44                                                       | -                                             | 4,691   |          |
| Interest income on plan assets              | 185                                        | 2                                                        | -                                             | 187      | 212                                        | 1                                                        | -                                             | 213     |          |
| Financial actuarial gains and losses        | 42                                         | 2                                                        | -                                             | 44       | 354                                        | 4                                                        | -                                             | 359     |          |
| Contributions received                      | 332                                        | 26                                                       | -                                             | 358      | 531                                        | 23                                                       | -                                             | 554     |          |
| Acquisitions/disposals of subsidiaries      | (449)                                      | (53)                                                     | -                                             | (502)    | (5)                                        | 3                                                        | -                                             | (2)     |          |
| Settlements                                 | (2)                                        | 1                                                        | -                                             | (1)      | (4)                                        | 1                                                        | -                                             | (4)     |          |
| Benefits paid                               | (353)                                      | (24)                                                     | -                                             | (377)    | (353)                                      | (24)                                                     | -                                             | (376)   |          |
| Other (translation adjustments)             | (130)                                      | -                                                        | -                                             | (130)    | (48)                                       | (1)                                                      | -                                             | (49)    |          |
| Fair value of plan assets at December 31    | B                                          | 4,959                                                    | 5                                             | -        | 4,964                                      | 5,335                                                    | 51                                            | -       | 5,386    |
| FUNDED STATUS                               | A+B                                        | (1,421)                                                  | (2,385)                                       | (531)    | (4,338)                                    | (2,403)                                                  | (2,637)                                       | (537)   | (5,577)  |
| Asset ceiling                               | (1)                                        | (1)                                                      | -                                             | (2)      | (3)                                        | (1)                                                      | -                                             | (4)     |          |
| NET BENEFIT OBLIGATION                      |                                            | (1,422)                                                  | (2,386)                                       | (531)    | (4,340)                                    | (2,406)                                                  | (2,638)                                       | (537)   | (5,581)  |
| ACCRUED BENEFIT LIABILITY                   |                                            | (1,495)                                                  | (2,386)                                       | (531)    | (4,412)                                    | (2,425)                                                  | (2,638)                                       | (537)   | (5,600)  |
| PREPAID BENEFIT COST                        |                                            | 72                                                       | -                                             | -        | 72                                         | 18                                                       | -                                             | -       | 18       |

(1) Comparative data at December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

(2) Pensions and retirement bonuses.

(3) Reduced energy prices, healthcare, gratuities and other post-employment benefits.

(4) Length-of-service awards and other long-term benefits.

Changes in the scope of consolidation in 2013 mainly concern the loss of control of SUEZ Environnement (€1,156 million on the benefit obligation and €502 million on the plan assets).



### 19.3.3 Change in reimbursement rights

Changes in the fair value of the reimbursement rights relating to plan assets managed by Contassur were as follows:

| <i>In millions of euros</i>          | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|--------------------------------------|----------------------|----------------------|
| <b>Fair value at January 1</b>       | <b>159</b>           | <b>128</b>           |
| Interest income on plan assets       | 5                    | 7                    |
| Financial actuarial gains and losses | 3                    | 15                   |
| Actual return                        | 7                    | 22                   |
| Employer contributions               | 22                   | 28                   |
| Employee contributions               | 2                    | 2                    |
| Benefits paid                        | (22)                 | (21)                 |
| <b>FAIR VALUE AT DECEMBER 31</b>     | <b>167</b>           | <b>159</b>           |

### 19.3.4 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2013 and 2012 breaks down as follows:

| <i>In millions of euros</i>                                                | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012 <sup>(1)</sup></b> |
|----------------------------------------------------------------------------|----------------------|-------------------------------------|
| Current service cost                                                       | 365                  | 347                                 |
| Net interest expense                                                       | 171                  | 205                                 |
| Actuarial gains and losses <sup>(2)</sup>                                  | 11                   | 5                                   |
| Plan amendments                                                            | 2                    | 6                                   |
| Gains or losses on pension plan curtailments, terminations and settlements | (5)                  | (23)                                |
| Non-recurring items                                                        | 9                    | 5                                   |
| <b>TOTAL</b>                                                               | <b>552</b>           | <b>545</b>                          |
| o/w recorded in current operating income                                   | 381                  | 340                                 |
| o/w recorded in net financial income/(loss)                                | 171                  | 205                                 |

(1) Comparative data at December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

(2) On long-term benefit obligation.

### 19.3.5 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.



## Notes to the consolidated financial statements

### NOTE 19 POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

| <i>In millions of euros</i>                | <b>Projected benefit obligation</b> | <b>Fair value of plan assets</b> | <b>Asset ceiling</b> | <b>Total net obligation</b> |
|--------------------------------------------|-------------------------------------|----------------------------------|----------------------|-----------------------------|
| Underfunded plans                          | (5,419)                             | 4,422                            | (1)                  | (998)                       |
| Overfunded plans                           | (497)                               | 542                              | (1)                  | 44                          |
| Unfunded plans                             | (3,386)                             | -                                | -                    | (3,386)                     |
| <b>AT DECEMBER 31, 2013</b>                | <b>(9,302)</b>                      | <b>4,964</b>                     | <b>(2)</b>           | <b>(4,340)</b>              |
| Underfunded plans                          | (7,323)                             | 5,157                            | -                    | (2,166)                     |
| Overfunded plans                           | (220)                               | 229                              | (4)                  | 4                           |
| Unfunded plans                             | (3,420)                             | -                                | -                    | (3,420)                     |
| <b>AT DECEMBER 31, 2012 <sup>(1)</sup></b> | <b>(10,963)</b>                     | <b>5,386</b>                     | <b>(4)</b>           | <b>(5,582)</b>              |

(1) Comparative data at December 31, 2012 have been restated due to the retrospective application of IAS 19 Revised (see Note 1.1.1).

The allocation of plan assets by principal asset category can be analyzed as follows:

| <i>In %</i>                | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|----------------------------|----------------------|----------------------|
| Equity investments         | 30                   | 28                   |
| Sovereign Bond investments | 19                   | 26                   |
| Corporate bond investments | 31                   | 27                   |
| Money market securities    | 11                   | 10                   |
| Real estate                | 3                    | 3                    |
| Other assets               | 6                    | 6                    |
| <b>TOTAL</b>               | <b>100</b>           | <b>100</b>           |

All plan assets are quoted in an active market at December 31, 2013. The actual return on assets of EGI sector companies stood at 7% in 2013.

In the Group, the actual return on plan assets of Belgian entities amounted to approximately 4,5% in group insurance and 5% in pension funds.

The allocation of plan assets by geographical area of investment can be analyzed as follows:

| <i>In %</i>                | <b>Europe</b> | <b>North America</b> | <b>Latin America</b> | <b>Asia - Oceania</b> | <b>Rest of the World</b> | <b>Total</b> |
|----------------------------|---------------|----------------------|----------------------|-----------------------|--------------------------|--------------|
| Equity investments         | 65            | 19                   | 3                    | 10                    | 3                        | 100          |
| Sovereign Bond investments | 68            | -                    | 30                   | 2                     | -                        | 100          |
| Corporate bond investments | 90            | 5                    | 1                    | 2                     | 2                        | 100          |
| Money market securities    | 87            | 4                    | 5                    | 3                     | 1                        | 100          |
| Real estate                | 84            | -                    | 4                    | 12                    | -                        | 100          |
| Other assets               | 44            | 24                   | 12                   | 9                     | 11                       | 100          |



### 19.3.6 Actuarial assumptions

Actuarial assumptions are determined individually by country and company in conjunction with independent actuaries. Weighted discount rates for main actuarial assumptions are presented below:

|                                                            | Pension benefit obligations |          | Other post-employment benefit obligations |          | Long-term benefit obligations |          | Total benefit obligations |          |
|------------------------------------------------------------|-----------------------------|----------|-------------------------------------------|----------|-------------------------------|----------|---------------------------|----------|
|                                                            | 2013                        | 2012     | 2013                                      | 2012     | 2013                          | 2012     | 2013                      | 2012     |
| Discount rate                                              | 4.1%                        | 3.8%     | 3.5%                                      | 3.3%     | 3.5%                          | 3.1%     | 3.9%                      | 3.6%     |
| Inflation rate                                             | 2.2%                        | 2.3%     | 2.0%                                      | 2.0%     | 2.0%                          | 2.0%     | 2.1%                      | 2.1%     |
| Average remaining working years of participating employees | 15 years                    | 14 years | 15 years                                  | 15 years | 16 years                      | 16 years | 15 years                  | 15 years |

#### 19.3.6.1 Discount and inflation 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 rates were determined for each monetary area (euro, US and UK) based on data for AA corporate bonds yields (Bloomberg and iBoxx), extrapolated on the basis of government bonds yields for long maturities.

According to the Group's estimates, a 1% increase or decrease in the discount rate would result in a change of approximately 14% in the projected benefit obligation.

The inflation rate were determined for each area. A 1% increase or decrease in the inflation rate would result in a change of approximately 12% in the projected benefit obligation.

#### 19.3.6.2 Other assumptions

The rate of increase in medical costs (including inflation) was estimated at 3%.

A one percentage point change in the assumed increase in healthcare costs would have the following impacts:

| <i>In millions of euros</i>   | One point increase | One point decrease |
|-------------------------------|--------------------|--------------------|
| Impact on expenses            | 3                  | (2)                |
| Impact on pension obligations | 41                 | (31)               |

### 19.3.7 Estimated employer contributions payable in 2014 under defined benefit plans

The Group expects to pay around €204 million in contributions into its defined benefit plans in 2014, including €104 million for EGI sector companies. Annual contributions in respect of EGI sector companies will be made by reference to rights vested in the year, taking into account the funding level for each entity in order to even out contributions over the medium term.

### 19.4 Defined contribution plans

In 2013, the Group recorded a €123 million expense in respect of amounts paid into Group defined contribution plans (€153 million in 2012). These contributions are recorded under "Personnel costs" in the consolidated income statement.

## NOTE 20 EXPLORATION-PRODUCTION ACTIVITIES

### 20.1 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.

| <i>In millions of euros</i>                              | <b>Licenses</b> | <b>Assets in<br/>development phase</b> | <b>Assets in<br/>production phase</b> | <b>Total</b>   |
|----------------------------------------------------------|-----------------|----------------------------------------|---------------------------------------|----------------|
| <b>A. GROSS AMOUNT</b>                                   |                 |                                        |                                       |                |
| <b>At December 31, 2011</b>                              | <b>1,149</b>    | <b>658</b>                             | <b>7,345</b>                          | <b>9,151</b>   |
| Acquisitions                                             | 3               | 564                                    | 137                                   | 705            |
| Disposals                                                | -               | -                                      | (62)                                  | (62)           |
| Translation adjustments                                  | (8)             | 21                                     | 185                                   | 198            |
| Other                                                    | (79)            | (117)                                  | 239                                   | 43             |
| <b>At December 31, 2012</b>                              | <b>1,066</b>    | <b>1,125</b>                           | <b>7,845</b>                          | <b>10,036</b>  |
| Change in scope of consolidation                         | (19)            | -                                      | -                                     | (19)           |
| Acquisitions                                             | 38              | 596                                    | 234                                   | 868            |
| Disposals                                                | -               | -                                      | -                                     | -              |
| Translation adjustments                                  | (33)            | (95)                                   | (454)                                 | (581)          |
| Other                                                    | (9)             | (183)                                  | 224                                   | 32             |
| <b>AT DECEMBER 31, 2013</b>                              | <b>1,043</b>    | <b>1,443</b>                           | <b>7,849</b>                          | <b>10,336</b>  |
| <b>B. ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES</b> |                 |                                        |                                       |                |
| <b>At December 31, 2011</b>                              | <b>(382)</b>    | <b>(3)</b>                             | <b>(2,522)</b>                        | <b>(2,907)</b> |
| Disposals                                                | -               | -                                      | 58                                    | 58             |
| Accumulated amortization and impairment losses           | (43)            | -                                      | (1,008)                               | (1,051)        |
| Translation adjustments                                  | 2               | 1                                      | (47)                                  | (44)           |
| Other                                                    | 44              | (37)                                   | (11)                                  | (5)            |
| <b>At December 31, 2012</b>                              | <b>(379)</b>    | <b>(40)</b>                            | <b>(3,530)</b>                        | <b>(3,950)</b> |
| Change in scope of consolidation                         | 19              | -                                      | -                                     | 19             |
| Disposals                                                | -               | -                                      | -                                     | -              |
| Accumulated amortization and impairment losses           | (15)            | -                                      | (687)                                 | (702)          |
| Translation adjustments                                  | 9               | 1                                      | 171                                   | 182            |
| Other                                                    | 5               | 3                                      | (7)                                   | -              |
| <b>AT DECEMBER 31, 2013</b>                              | <b>(361)</b>    | <b>(35)</b>                            | <b>(4,054)</b>                        | <b>(4,451)</b> |
| <b>C. CARRYING AMOUNT</b>                                |                 |                                        |                                       |                |
| <b>At December 31, 2012</b>                              | <b>686</b>      | <b>1,085</b>                           | <b>4,315</b>                          | <b>6,086</b>   |
| <b>AT DECEMBER 31, 2013</b>                              | <b>682</b>      | <b>1,408</b>                           | <b>3,795</b>                          | <b>5,885</b>   |

Acquisitions in 2013 mainly include developments performed on the Cygnus field (€ 166 million) in the United Kingdom and on the Gudrun field (€167 million) in Norway.

Acquisitions in 2012 mainly included developments carried out in the year on the Gudrun field (€169 million) in Norway.



## 20.2 Capitalized exploration costs

The following table provides a breakdown of the net change in capitalized exploration costs:

| <i>In millions of euros</i>                   | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-----------------------------------------------|----------------------|----------------------|
| <b>At January 1</b>                           | <b>609</b>           | <b>400</b>           |
| Capitalized exploration costs for the year    | 194                  | 331                  |
| Amounts recognized in expenses for the period | (142)                | (64)                 |
| Other                                         | (62)                 | (58)                 |
| <b>AT DECEMBER 31</b>                         | <b>599</b>           | <b>609</b>           |

Capitalized exploration costs are reported in the statement of financial position within "Other assets".

## 20.3 Investments during the period

Investments for the exploration-production business amounted to €954 million and €700 million, respectively, in 2013 and 2012. Investments are included in "Acquisitions of property, plant and equipment and intangible assets" in the statement of cash flows.

## NOTE 21 FINANCE LEASES

### 21.1 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 GDF SUEZ Energy International power plants (mostly Enersur – Peru) and Cofely's cogeneration plants.

The present values of future minimum lease payments break down as follows:

| <i>In millions of euros</i>                | <b>Future minimum lease payments<br/>at Dec. 31, 2013</b> |                          | <b>Future minimum lease payments<br/>at Dec. 31, 2012</b> |                          |
|--------------------------------------------|-----------------------------------------------------------|--------------------------|-----------------------------------------------------------|--------------------------|
|                                            | <b>Undiscounted<br/>value</b>                             | <b>Present<br/>value</b> | <b>Undiscounted<br/>value</b>                             | <b>Present<br/>value</b> |
| Year 1                                     | 110                                                       | 107                      | 499                                                       | 473                      |
| Years 2 to 5 included                      | 340                                                       | 315                      | 620                                                       | 565                      |
| Beyond year 5                              | 112                                                       | 81                       | 423                                                       | 322                      |
| <b>TOTAL FUTURE MINIMUM LEASE PAYMENTS</b> | <b>562</b>                                                | <b>504</b>               | <b>1,542</b>                                              | <b>1,360</b>             |

The decrease in total future minimum lease payments as of December 31, 2013 (present value in the statement of financial position) is mainly linked to the loss of control of SUEZ Environnement

(-€420 million, mostly in Novergie's incineration facilities), and to Red Hills power plant disposal (-€ 243 million) (see Note 2 "Main changes in Group structure").

The following table provides a reconciliation of liabilities under finance leases as reported in the statement of financial position (see Note 15.2.1 "Borrowings and debt") with undiscounted future minimum lease payments by maturity:

| <i>In millions of euros</i>                                       | <b>Total</b> | <b>Year 1</b> | <b>Years 2 to 5 included</b> | <b>Beyond year 5</b> |
|-------------------------------------------------------------------|--------------|---------------|------------------------------|----------------------|
| Liabilities under finance leases                                  | 504          | 105           | 291                          | 108                  |
| Impact of discounting future repayments of principal and interest | 59           | 5             | 49                           | 4                    |
| <b>UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS</b>                 | <b>562</b>   | <b>110</b>    | <b>340</b>                   | <b>112</b>           |

## 21.2 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, mostly for Saudi Aramco (Tihama - Saudi Arabia), Wapda (Uch - Pakistan), Bowin (Glow - Thailand), Solvay (Electrabel - Belgium) and Lanxess (Electrabel - Belgium).

| <i>In millions of euros</i>                                          | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|----------------------------------------------------------------------|----------------------|----------------------|
| Undiscounted future minimum lease payments                           | 1,565                | 2,399                |
| Unguaranteed residual value accruing to the lessor                   | 29                   | 29                   |
| <b>TOTAL GROSS INVESTMENT IN THE LEASE</b>                           | <b>1,594</b>         | <b>2,428</b>         |
| Unearned financial income                                            | 395                  | 798                  |
| <b>NET INVESTMENT IN THE LEASE (STATEMENT OF FINANCIAL POSITION)</b> | <b>1,199</b>         | <b>1,630</b>         |
| <i>o/w present value of future minimum lease payments</i>            | <i>1,179</i>         | <i>1,608</i>         |
| <i>o/w present value of unguaranteed residual value</i>              | <i>20</i>            | <i>22</i>            |

The decrease in net investment as of December 31, 2013 (value in the statement of financial position) is mainly linked to the disposal of a 50% stake in the Group's portfolio of power generation assets in Portugal (-€347 million) (see Note 2 "Main changes in Group structure").

Amounts recognized in the statement of financial position in connection with finance leases are detailed in Note 15.1.2, "Loans and receivables at amortized cost".

Undiscounted future minimum lease payments receivable under finance leases can be analyzed as follows:

| <i>In millions of euros</i> | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-----------------------------|----------------------|----------------------|
| Year 1                      | 165                  | 183                  |
| Years 2 to 5 included       | 536                  | 619                  |
| Beyond year 5               | 864                  | 1,597                |
| <b>TOTAL</b>                | <b>1,565</b>         | <b>2,399</b>         |



## NOTE 22 OPERATING LEASES

### 22.1 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 2013 and 2012 can be analyzed as follows:

| <i>In millions of euros</i>    | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|--------------------------------|----------------------|----------------------|
| Minimum lease payments         | (1,104)              | (1,107)              |
| Contingent lease payments      | (25)                 | (60)                 |
| Sub-letting income             | 84                   | 95                   |
| Sub-letting expenses           | (55)                 | (77)                 |
| Other operating lease expenses | (248)                | (320)                |
| <b>TOTAL</b>                   | <b>(1,348)</b>       | <b>(1,468)</b>       |

The loss of control of SUEZ Environnement (see Note 2 "Main changes in Group structure") had an impact of €164 million on operating lease income and expense.

Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

| <i>In millions of euros</i> | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-----------------------------|----------------------|----------------------|
| Year 1                      | 617                  | 886                  |
| Years 2 to 5 included       | 1,478                | 1,923                |
| Beyond year 5               | 1,647                | 1,868                |
| <b>TOTAL</b>                | <b>3,742</b>         | <b>4,678</b>         |

The decrease in total future minimum lease payments as of December 31, 2013 mainly result from the loss in control of SUEZ Environnement for €900 million (see Note 2 "Main changes in Group structure").

### 22.2 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 GDF SUEZ Energy International.

Operating lease income for 2013 and 2012 can be analyzed as follows:

| <i>In millions of euros</i> | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-----------------------------|----------------------|----------------------|
| Minimum lease payments      | 671                  | 842                  |
| Contingent lease payments   | 89                   | 111                  |
| <b>TOTAL</b>                | <b>760</b>           | <b>953</b>           |

Lease income is recognized in revenue.

Future minimum lease payments receivable under non-cancelable operating leases can be analyzed as follows:

| <i>In millions of euros</i> | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-----------------------------|----------------------|----------------------|
| Year 1                      | 510                  | 895                  |
| Years 2 to 5 included       | 1,529                | 3,056                |
| Beyond year 5               | 20                   | 1,647                |
| <b>TOTAL</b>                | <b>2,059</b>         | <b>5,598</b>         |

### NOTE 23 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 1.4.7 “Concession arrangements”).

The common characteristic of all service concession arrangements is that the operator both receives a right and incurs an obligation to provide public services.

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 consideration of these obligations, GDF SUEZ is entitled to bill either the local authority granting the concession or the users for the services provided. This right to bill gives rise to:

- ▶ an intangible asset;
- ▶ a financial asset, depending on the applicable accounting model for contracts included in IFRIC 12 scope (see Note 1.4.7 “Concession arrangements”);
- ▶ or a tangible asset.

The tangible asset model is used, for example, in the case of natural gas distribution concessions in France, which fall within the scope of Law No. 46-628 of April 8, 1946.

The Group manages concession arrangements as defined by SIC 29 covering gas and electricity distribution, and heat distribution. The terms of the concession arrangements vary between 10 and 30 years, depending mainly on the level of capital expenditure to be made by the concession operator.

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.

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 24 SHARE-BASED PAYMENTS

Expenses recognized in respect of share-based payments break down as follows:

| In millions of euros                     | Note | Expense for the year |               |
|------------------------------------------|------|----------------------|---------------|
|                                          |      | Dec. 31, 2013        | Dec. 31, 2012 |
| Stock option plans                       | 24.1 | 9                    | 25            |
| Employee share issues                    | 24.2 | -                    | -             |
| Share Appreciation Rights <sup>(1)</sup> | 24.2 | 1                    | 2             |
| Bonus/Performance Share plans            | 24.3 | 83                   | 84            |
| Other Group plans                        |      | -                    | 3             |
| <b>TOTAL</b>                             |      | <b>93</b>            | <b>114</b>    |

(1) Set up within the scope of employee share issues in certain countries.

#### 24.1 Stock options plans

No new GDF SUEZ stock option grants were approved by the Group's Board of Directors in either 2013 or 2012.

The terms and conditions of plans set up prior to 2012 are described in previous reference documents prepared by SUEZ and subsequently GDF SUEZ.



### 24.1.1 Details of stock option plans in force

| Plan                        | Date of authorizing General Shareholders' Meeting | Vesting date | Adjusted exercise price (in euros) | Number of beneficiaries per plan | Number of options granted to members of the Executive Committee | Outstanding options at Dec. 31, 2012 | Options exercised | Options cancelled or expired | Outstanding options at Dec. 31, 2013 | Expiration date | Residual life |
|-----------------------------|---------------------------------------------------|--------------|------------------------------------|----------------------------------|-----------------------------------------------------------------|--------------------------------------|-------------------|------------------------------|--------------------------------------|-----------------|---------------|
|                             |                                                   |              |                                    |                                  |                                                                 |                                      |                   |                              |                                      |                 |               |
| 12/09/2005                  | 04/27/2004                                        | 12/09/2009   | 22.8                               | 2,251                            | 1,352,000                                                       | 5,664,034                            | -                 | 5,664,034                    | -                                    | 12/08/2013      | -             |
| 01/17/2007 <sup>(1)</sup>   | 04/27/2004                                        | 01/17/2011   | 36.6                               | 2,173                            | 1,218,000                                                       | 5,704,906                            | -                 | 32,873                       | 5,672,033                            | 01/16/2015      | 1.0           |
| 11/14/2007 <sup>(1)</sup>   | 05/04/2007                                        | 11/14/2011   | 41.8                               | 2,107                            | 804,000                                                         | 4,434,260                            | -                 | 22,588                       | 4,411,672                            | 11/13/2015      | 1.9           |
| 11/12/2008 <sup>(1)</sup>   | 07/16/2008                                        | 11/12/2012   | 32.7                               | 3,753                            | 2,615,000                                                       | 6,119,554                            | -                 | 43,920                       | 6,075,634                            | 11/11/2016      | 2.9           |
| 11/10/2009 <sup>(1)</sup>   | 05/04/2009                                        | 11/10/2013   | 29.4                               | 4,036                            | -                                                               | 5,007,175                            | -                 | 46,830                       | 4,960,345                            | 11/09/2017      | 3.9           |
| TOTAL                       |                                                   |              |                                    |                                  | 5,989,000                                                       | 26,929,929                           | -                 | 5,810,245                    | 21,119,684                           |                 |               |
| Of which:                   |                                                   |              |                                    |                                  |                                                                 |                                      |                   |                              |                                      |                 |               |
| Stock option purchase plans |                                                   |              |                                    |                                  |                                                                 | 11,126,729                           | -                 | 90,750                       | 11,035,979                           |                 |               |
| Stock subscription plans    |                                                   |              |                                    |                                  |                                                                 | 15,803,200                           | -                 | 5,719,495                    | 10,083,705                           |                 |               |

(1) Plans exercisable at December 31, 2013.

The average annual price for GDF SUEZ shares in 2013 was €16.37.

### 24.1.2 Number of GDF SUEZ stock options

|                              | Number of options | Average exercise price (in euros) |
|------------------------------|-------------------|-----------------------------------|
| Balance at December 31, 2012 | 26,929,929        | 32.3                              |
| Options cancelled            | (5,810,245)       | 23.1                              |
| Balance at December 31, 2013 | 21,119,684        | 34.9                              |

### 24.1.3 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:

| Award date   | Issuer                     | Fair value per unit <sup>(1)</sup> (in euros) | Expense for the period (in millions of euros) |               |
|--------------|----------------------------|-----------------------------------------------|-----------------------------------------------|---------------|
|              |                            |                                               | Dec. 31, 2013                                 | Dec. 31, 2012 |
| 11/12/2008   | GDF SUEZ                   | 9.3                                           | -                                             | 13            |
| 11/10/2009   | GDF SUEZ                   | 6.0                                           | 6                                             | 8             |
| 2009-2010    | SUEZ Environnement Company |                                               | 3                                             | 5             |
| <b>TOTAL</b> |                            |                                               | <b>9</b>                                      | <b>25</b>     |

(1) Weighted average value of plans with or without performance conditions, where applicable.

### 24.1.4 Share Appreciation Rights Plans

The award of Share Appreciation Rights (SARs) to US employees in 2008 and 2009 (as replacement for stock options) does not have a material impact on the consolidated financial statements.

### 24.2 Employee share issue

GDF SUEZ did not issue any new shares to employees in 2013. The only impacts of employee share issues on 2013 income relate to SARs (including shares covered by warrants), but do not have a material impact on the financial statements.

### 24.3 Bonus shares and Performance shares

#### 24.3.1 New awards in 2013

##### GDF SUEZ Performance Share plan of December 11, 2013

On December 11, 2013, the Board of Directors approved the allocation of 2.8 million Performance Shares to members of the Group's executive and senior management in two tranches:

- ▶ performance Shares vesting on March 14, 2017, subject to a further two-years non-transferability period; and
- ▶ performance Shares vesting on March 14, 2018, without non-transferability period;

Each tranche is made up of various instruments subject to different conditions:

- ▶ instruments with a single condition: Performance Shares subject to a market performance condition relating to GDF SUEZ's total share return compared to that of the Eurostoxx Utilities Eurozone index, as assessed between November 2013 and January 2017;
- ▶ instruments with two conditions: Performance Shares subject to the market performance condition described above, and an internal performance condition relating to Group net recurring income Group share in 2015 and 2016.

#### 24.3.2 Fair value of bonus share plans with or without performance conditions

The following assumptions were used to calculate the fair value of the new plans awarded in 2013:

| Allocation date                                          | Vesting date   | End of the lock-up period | Price at the award date | Expected dividend | Financing cost for the employee | Non-transferability cost | Market-related performance condition | Fair value per unit |
|----------------------------------------------------------|----------------|---------------------------|-------------------------|-------------------|---------------------------------|--------------------------|--------------------------------------|---------------------|
| February 27, 2013                                        | March 14, 2015 | March 14, 2017            | 14.4 €                  | 1.5 €             | 8.0%                            | 1.5 €                    | no                                   | 9.9 €               |
| February 27, 2013                                        | March 14, 2016 | March 14, 2018            | 14.4 €                  | 1.5 €             | 8.0%                            | 1.2 €                    | no                                   | 8.7 €               |
| February 27, 2013                                        | March 14, 2017 | March 14, 2017            | 14.4 €                  | 1.5 €             | 8.0%                            | -                        | no                                   | 8.5 €               |
| <b>Weighted fair value of the February 27, 2013 plan</b> |                |                           |                         |                   |                                 |                          |                                      | <b>9.2 €</b>        |
| December 11, 2013                                        | March 14, 2017 | March 14, 2019            | 16.5 €                  | 1.5 €             | 7.9%                            | 0.8 €                    | yes <sup>(1)</sup>                   | 6.5 €               |
| December 11, 2013                                        | March 14, 2017 | March 14, 2019            | 16.5 €                  | 1.5 €             | 7.9%                            | 1.1 €                    | yes <sup>(2)</sup>                   | 8.6 €               |
| December 11, 2013                                        | March 14, 2018 | March 14, 2018            | 16.5 €                  | 1.5 €             | 7.9%                            | -                        | yes <sup>(1)</sup>                   | 6.5 €               |
| December 11, 2013                                        | March 14, 2018 | March 14, 2018            | 16.5 €                  | 1.5 €             | 7.9%                            | -                        | yes <sup>(2)</sup>                   | 8.6 €               |
| <b>Weighted fair value of the December 11, 2013 plan</b> |                |                           |                         |                   |                                 |                          |                                      | <b>7.6 €</b>        |

(1) Single performance condition.

(2) Double performance condition.

#### 24.3.3 Review of internal performance conditions applicable to the plans

In addition to the condition of continuing employment within the Group, 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 amended in 2013 due to a failure to meet performance criteria were not material.



#### 24.3.4 Free share plans with or without performance conditions in force at December 31, 2013, and impact on income statement

The expense recorded during the period on plans in effect was as follows:

| Award date                             | Quantity<br>awarded <sup>(1)</sup> | Fair value per unit <sup>(2)</sup> (in euros) | Expense for the period (in millions of euros) |               |
|----------------------------------------|------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------|
|                                        |                                    |                                               | Dec. 31, 2013                                 | Dec. 31, 2012 |
| GDF SUEZ share plans                   |                                    |                                               |                                               |               |
| Bonus share plans                      |                                    |                                               |                                               |               |
| Spring August 2007 plan                | 193,686                            | 32.1                                          | -                                             | 1             |
| SUEZ June 2008 plan                    | 2,372,941                          | 39.0                                          | -                                             | 3             |
| GDF SUEZ July 2009 plan                | 3,297,014                          | 19.7                                          | 2                                             | 5             |
| Link August 2010 plan                  | 207,947                            | 19.4                                          | 1                                             | 1             |
| GDF SUEZ June 2011 plan                | 4,173,448                          | 20.0                                          | 18                                            | 31            |
| GDF SUEZ October 2012 plan             | 6,106,463                          | 11.7                                          | 18                                            | 3             |
| Performance share plans                |                                    |                                               |                                               |               |
| GDF SUEZ November 2008 plan            | 1,812,548                          | 28.5                                          | -                                             | 1             |
| GDF SUEZ November 2009 plan            | 1,693,840                          | 24.8                                          | 2                                             | 4             |
| January 2010 EXCOM plan                | 348,660                            | 18.5                                          | -                                             | 1             |
| March 2010 GDF SUEZ Trading plan       | 51,112                             | 21.5                                          | -                                             | -             |
| GDF SUEZ January 2011 plan             | 3,426,186                          | 18.1                                          | 18                                            | 18            |
| March 2011 GDF SUEZ Trading plan       | 57,337                             | 23.3                                          | -                                             | 1             |
| GDF SUEZ December 2011 plan            | 2,996,920                          | 11.3                                          | 10                                            | 10            |
| GDF SUEZ Trading February 2012 plan    | 70,778                             | 15.1                                          | -                                             | -             |
| GDF SUEZ December 2012 plan            | 3,556,095                          | 8.1                                           | 8                                             | 1             |
| GDF SUEZ Trading February 2013 plan    | 94,764                             | 9.2                                           | -                                             | -             |
| GDF SUEZ December 2013 plan            | 2,801,690                          | 7.6                                           | -                                             | -             |
| SUEZ Environnement Company share plans |                                    |                                               | 6                                             | 7             |
|                                        |                                    |                                               | 83                                            | 84            |

(1) Quantity awarded, after potential adjustments relating to the merger with Gaz de France in 2008.

(2) Weighted average value where applicable.

## NOTE 25 RELATED PARTY TRANSACTIONS

This note describes material transactions between the Group and related parties.

Compensation payable to key management personnel is disclosed in Note 26 "Executive compensation".

The Group's main subsidiaries (fully-consolidated companies) are listed in Note 30 "List of the main companies consolidated at December 31, 2013". The main associates and joint ventures are listed in Note 13 "Investments in associates" and Note 14 "Investments in joint ventures" respectively. Only material transactions are described below.

### 25.1 Relations with the French State and with entities owned or partly owned by the French State

#### 25.1.1 Relations with the French State

Further to the merger between Gaz de France and SUEZ on July 22, 2008, the French State owns 36.7% of GDF SUEZ and appoints four representatives to the Group's eighteen-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 GRTgaz 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 decree.

#### 25.1.2 Relations with EDF

Following the creation on July 1, 2004 of the French gas and electricity distribution network operator (EDF Gaz de France Distribution), Gaz de France 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.

### 25.2 Relations with the CNIEG (Caisse Nationale des Industries Electriques et Gazières)

The Group's relations with the CNIEG, which manages all old-age, 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 19 "Post-employment benefits and other long-term benefits".



## 25.3 Transactions with joint ventures and associates

### 25.3.1 Joint ventures

| <i>In millions of euros</i>            | Purchases of goods and services | Sales of goods and services | Net financial income (excluding dividends) | Trade and other receivables | Loans and receivables at amortized cost | Trade and other payables | Borrowings and debt | Commitments and guarantees given |
|----------------------------------------|---------------------------------|-----------------------------|--------------------------------------------|-----------------------------|-----------------------------------------|--------------------------|---------------------|----------------------------------|
| Eco Electrica                          | -                               | 48                          | -                                          | 1                           | -                                       | -                        | -                   | -                                |
| Tirreno Power                          | 118                             | 99                          | -                                          | 9                           | -                                       | 12                       | -                   | -                                |
| Energy production activity in Portugal | -                               | -                           | -                                          | -                           | 32                                      | -                        | -                   | -                                |
| WSW Energie und Wasser                 | 3                               | 30                          | -                                          | 6                           | -                                       | 16                       | -                   | 4                                |
| Energia Sustentável do Brasil          | -                               | -                           | -                                          | -                           | 55                                      | -                        | -                   | 1,894                            |
| Energieversorgung Gera GmbH            | 12                              | 21                          | -                                          | 2                           | -                                       | 1                        | -                   | 27                               |
| Zandvliet Power                        | 17                              | 3                           | 1                                          | 1                           | -                                       | -                        | 3                   | -                                |
| Other                                  | 86                              | 57                          | 5                                          | 43                          | 63                                      | 27                       | 12                  | 135                              |
| <b>TOTAL</b>                           | <b>236</b>                      | <b>258</b>                  | <b>6</b>                                   | <b>62</b>                   | <b>150</b>                              | <b>56</b>                | <b>15</b>           | <b>2,060</b>                     |

Except for the column "commitments and guarantees given" which are off balance sheet data, the data above show the impact of transactions with joint ventures on our financial statements at December 31, 2013; this means that they correspond to the impact of these transactions after the elimination of internal transactions.

All the data below are also expressed on a contribution basis after the elimination of internal transactions.

#### Eco Electrica (Puerto Rico)

Natural gas sales to Eco Electrica amounted to €48 million in 2013.

#### Tirreno Power (Italy)

GDF SUEZ holds a 50% interest in Tirreno Power. The Group controls 50% of the company.

Electricity purchases and sales between the Group and Tirreno Power amounted to €118 million and €99 million respectively in 2013.

#### Activity of energy production in Portugal

Close of the disposal of a 50% stake in the Group's portfolio of power generation assets in Portugal, the loans granted by the Group to the wind energy activity of this portfolio amounted to €32 million (see Note 2 "Main changes in Group structure").

#### WSW Energie und Wasser (Germany)

Electricity sales between the Group and WSW Energie und Wasser amounted to €30 million in 2013.

#### Energia Sustentável do Brasil (Brazil)

GDF SUEZ holds a 60% interest in Energia Sustentável do Brasil. This consortium was set up in 2008 in order to build, own, and operate the 3,750 MW hydroelectric Jirau power plant.

At December 31, 2013, the assets and liabilities of Energia Sustentável do Brasil were classified as "Assets held for sale" (see Note 2 "Main changes in Group structure").

At December 31, 2012, the amount of loans granted by Banco Nacional de Desenvolvimento Econômico e Social, the Brazilian Development Bank, to Energia Sustentável do Brasil amounted to €3.2 billion. Each partner stands as guarantor for this debt to the extent of its ownership interest in the consortium.

#### Energieversorgung Gera GmbH (Germany)

Energieversorgung Gera GmbH is held at 49,9 % by GDF SUEZ. The Group controls 49,9 % of the company.

Gas sales and purchases between the Group and Energieversorgung Gera GmbH amounted to €21 and €12 million at December 31, 2013.

#### Zandvliet Power (Belgium)

GDF SUEZ holds 50 % interest in Zandvliet Power. The Group controls 50 % of the company.

Electricity purchases between the Group and Zandvliet Power amounted to €17 million at December 31, 2013.

### 25.3.2 Associates

| <i>In millions of euros</i>                                  | Purchases of goods and services | Sales of goods and services | Net financial income (excluding dividends) | Trade and other receivables | Loans and receivables at amortized cost | Trade and other payables | Borrowings and debt | Commitments and guarantees given |
|--------------------------------------------------------------|---------------------------------|-----------------------------|--------------------------------------------|-----------------------------|-----------------------------------------|--------------------------|---------------------|----------------------------------|
| Suez Environnement                                           | -                               | 8                           | -                                          | 47                          | -                                       | 24                       | 13                  | 11                               |
| Inter-municipal companies                                    | 913                             | 101                         | -                                          | -                           | -                                       | 7                        | -                   | 339                              |
| Contassur                                                    | -                               | -                           | -                                          | 167                         | -                                       | -                        | -                   | -                                |
| Business line project management entities in the Middle East | -                               | 240                         | -                                          | 6                           | 140                                     | -                        | -                   | 580                              |
| Paiton                                                       | -                               | -                           | -                                          | -                           | 291                                     | -                        | -                   | -                                |
| Gaz de Strasbourg                                            | -                               | 82                          | -                                          | -                           | 14                                      | -                        | -                   | -                                |
| Other                                                        | 39                              | 3                           | -                                          | 1                           | 25                                      | 2                        | -                   | 187                              |
| <b>TOTAL</b>                                                 | <b>952</b>                      | <b>434</b>                  | <b>-</b>                                   | <b>221</b>                  | <b>470</b>                              | <b>33</b>                | <b>13</b>           | <b>1,117</b>                     |

#### SUEZ Environnement

As a result of the termination of the SUEZ Environnement shareholders' agreement, the interest held by the Group is from July 22, 2013, accounted for under the equity method in its consolidated financial statements.

Energy sales between the Group and SUEZ Environnement amounted to €8 million at December 31, 2013. Loan receivables and trade payables amounted respectively to €47 million and €24 million at December 31, 2013.

#### Inter-municipal companies (Belgium)

The mixed inter-municipal companies in Brussels, Flanders and Walloon manage the electricity and gas distribution network in Belgium.

Following various transactions and events that occurred in 2011 and 2012, the Group no longer had a significant influence (i) over the Flemish mixed inter-municipal companies since June 30, 2011, and (ii) over the Brussels inter-municipal company since December 31, 2012. The above table lists the transactions with the inter-municipal companies in Walloon.

The transportation costs incurred by Electrabel Customer Solutions (ECS) in connection with the inter-municipal companies' gas and electricity distribution network amounted to €865 million at December 31, 2013 (€830 million at December 31, 2012). Trade payables between the Group and the mixed inter-municipal companies are not material at December 31, 2013.

Electrabel stands as guarantor for €339 million of the loans contracted by the Walloon mixed inter-municipal companies in connection with the financing for capital decreases.

#### Contassur (Belgium)

Contassur is a life insurance company accounted for under the equity method. It is 15%-owned by the Group.

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 statements of financial position. These reimbursement rights totaled €167 million at December 31, 2013 (€159 million at December 31, 2012).

#### Project management companies set up by the GDF SUEZ Energy International business line in the Middle-East

The project management companies in the Middle East own and operate electricity production plants and seawater desalination facilities.

The Group's sales to these companies amounted to €240 million at December 31, 2013 (€277 million at December 31, 2012), and involved the sale of electricity and gas, and the provision of services.

The loans granted by the Group to the project management companies in the Middle East amounted to €140 million at December 31, 2013 (€54 million at December 31, 2012).

The guarantees granted by the Group to these entities amounted to €580 million at December 31, 2013 (€617 million at December 31, 2012).

#### Paiton (Indonesia)

The Group owns a 40.5% interest in Paiton. The loans granted to Paiton by the Group amounted to €291 million at December 31, 2013 (€268 million at December 31, 2012).

#### Gaz de Strasbourg (France)

The Group owns a 24.9% interest in Gaz de Strasbourg.

Gas sales to Gaz de Strasbourg amounted to €82 million at December 31, 2013 (€130 million at December 31, 2012).



## NOTE 26 EXECUTIVE COMPENSATION

The Group's key executives are the members of the Executive Committee and the Board of Directors.

The Executive Committee had 19 members in 2013 instead of 27 in 2012.

Their compensation breaks down as follows:

| <i>In millions of euros</i> | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|-----------------------------|----------------------|----------------------|
| Short-term benefits         | 30                   | 37                   |
| Post-employment benefits    | 4                    | 6                    |
| Shared-based payments       | 5                    | 10                   |
| Termination benefits        | 7                    | 5                    |
| <b>TOTAL</b>                | <b>46</b>            | <b>58</b>            |

## NOTE 27 WORKING CAPITAL REQUIREMENTS, OTHER ASSETS AND OTHER LIABILITIES

### 27.1 Reconciliation between changes in working capital requirements as from the statement of cash flows and certain items of the statement of financial position.

| <i>In millions of euros</i>               | <b>Dec. 31, 2012</b> | <b>Change in working capital requirements - statement of cash flows</b> | <b>Other impacts to the statement of cash flows included in</b> |                             |                             | <b>Other non cash movements in cash flow statement</b> |              |              | <b>Dec. 31, 2013</b> |
|-------------------------------------------|----------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------|-----------------------------|--------------------------------------------------------|--------------|--------------|----------------------|
|                                           |                      |                                                                         | <b>Tax paid</b>                                                 | <b>Investing activities</b> | <b>Financing activities</b> | <b>Fair value</b>                                      | <b>Scope</b> | <b>Other</b> |                      |
| Items included in non-current assets      | (7,610)              | 198                                                                     | -                                                               | -                           | 296                         | 50                                                     | 989          | 635          | (5,442)              |
| Items included in current assets          | (45,378)             | (776)                                                                   | 174                                                             | (112)                       | (70)                        | 180                                                    | 6,019        | 444          | (39,520)             |
| Items included in non-current liabilities | 5,157                | (192)                                                                   | -                                                               | (3)                         | 38                          | (425)                                                  | (790)        | (340)        | 3,447                |
| Items included in current liabilities     | 40,394               | 584                                                                     | (320)                                                           | (308)                       | 85                          | 329                                                    | (6,268)      | (228)        | 34,267               |
| <b>TOTAL</b>                              | <b>(7,438)</b>       | <b>(186)</b>                                                            | <b>(146)</b>                                                    | <b>(424)</b>                | <b>349</b>                  | <b>134</b>                                             | <b>(49)</b>  | <b>512</b>   | <b>(7,248)</b>       |

The items relating to working capital requirements included in the current and non-current assets gather inventories, trade and other receivables, derivative instruments, other assets and loans and receivables at amortized cost.

The items relating to working capital requirements included in the current and non-current liabilities gather trade and other payables, other financial liabilities, other liabilities and derivative instruments.

### 27.2 Inventories

| <i>In million of euros</i>                                                                        | <b>Dec. 31, 2013</b> | <b>Dec. 31, 2012</b> |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Stocks of gas, net                                                                                | 2,491                | 2,542                |
| GHG emission allowances, green certificates and certificates of energy efficiency commitment, net | 331                  | 350                  |
| Stocks of commodities other than gas and other stocks, net                                        | 2,248                | 2,531                |
| <b>TOTAL</b>                                                                                      | <b>5,070</b>         | <b>5,423</b>         |

### 27.3 Other assets and other liabilities

Other current assets (€8,229 million) and other non-current assets (€723 million) are mostly made of tax receivables.

Other current liabilities (€13,606 million) and other non-current liabilities (€1,345 million) essentially include tax and employee-related liabilities.

## NOTE 28 LEGAL AND ANTI-TRUST PROCEEDINGS

The Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities (including tax authorities) in the normal course of its business.

Provisions recorded in respect of these proceedings totaled €874 million at December 31, 2013 (€927 million at December 31, 2012).

The main legal and arbitration proceedings presented hereafter are recognized as liabilities or give rise to contingent assets or liabilities.

### 28.1 Legal and arbitration proceedings

#### 28.1.1 Electrabel – Hungarian State

Electrabel, a GDF SUEZ company, filed international arbitration proceedings against the Hungarian State before the International Center for Settlement of Investment Disputes (ICSID), for breach of obligations pursuant to the Energy Charter Treaty. The dispute mainly pertains to the termination of a long-term power purchase agreement (the "DUNAMENTI PPA") entered into between the power plant operator DUNAMENTI Erőmű (in which Electrabel owns a 74.82% interest) and MVM (a company controlled by the Hungarian State) on October 10, 1995. On November 30, 2012, the court of arbitration rejected the Group's claims, except for the claim based on the principle of fair and equitable treatment. The final ruling on this claim has been deferred until 2016, in order to enable the court of arbitration to rule on the basis of a detailed assessment of stranded costs<sup>(1)</sup>.

#### 28.1.2 Squeeze-out bid for Electrabel shares

On July 10, 2007, three shareholders, 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. The Court of Appeal dismissed the application on December 1, 2008.

Following the appeal brought by Deminor and others on May 22, 2009, the Court of Cassation overturned the ruling of the Brussels Court of Appeal on June 27, 2011. In a subpoena dated December 28, 2012, Deminor and others launched proceedings against GDF SUEZ before the Brussels Court of Appeal, sitting in a different formation, in order for the Court to rule on their claim for additional consideration. The parties are currently exchanging their pleadings.

A similar demand for additional consideration, submitted to the Brussels Court of Appeal by Messrs. Geenen and others, but without naming Electrabel and the FSMA (*Autorité belge des services et marchés financiers*, formerly the *Commission bancaire, financière et des assurances*) as defendants, was dismissed on December 24, 2009 on procedural grounds. Mr Geenen lodged an appeal before the Court of Cassation against the ruling of December 24, 2009 on June 2, 2010. The Court of Cassation delivered a ruling overturning the ruling of the Brussels Court of Appeal on May 3, 2012.

#### 28.1.3 Total Energie Gaz

GDF SUEZ buys natural gas from Total Energie Gaz (TEGAZ), a subsidiary of the Total Group, under an agreement entered into on October 17, 2004 (the "Agreement"), and asked for a review of the contractual price with effect from May 1, 2011. As the negotiations with TEGAZ were not successful, GDF SUEZ submitted the dispute involving the review of the contractual price to a panel of experts, in March 2012, in accordance with the Agreement. On June 5, 2012, TEGAZ gave notice of a dispute regarding the interpretation of certain clauses in the aforementioned Agreement, which is currently the subject of arbitration proceedings, in accordance with the regulations of the French Arbitration Association (AFA).

After the parties exchanged their pleadings, the hearings took place at the arbitration court from January 27 to 30, 2014. The award is expected to be delivered during the first half of 2014.

(1) See also Note 28.2.3 "Long-term Power Purchase Agreements in Hungary".



### 28.1.4 La Compagnie du Vent

On November 27, 2007, GDF SUEZ 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 Chairman and Chief Executive Officer of La Compagnie du Vent. GDF SUEZ currently holds a 59% stake in La Compagnie du Vent.

GDF SUEZ has been involved in various disputes with Jean-Michel Germa and SOPER, regarding the latter's dismissal as Chairman and Chief Executive Officer, since 2011. Following the cancellation of La Compagnie du Vent's first General Meeting on May 27, 2011 by the Montpellier Appeal Court, a second General Meeting on November 3, 2011 finally appointed a new Chief Executive, who was put forward by GDF SUEZ.

However, the main proceedings still pending are: (i) the legal proceedings launched against SOPER by La Compagnie du Vent before the Montpellier Commercial Court on August 23, 2011, which were aimed at ordering the latter to make good the non-material harm suffered by La Compagnie du Vent as a result of the undue use of minority influence through a payment of €500,000, (ii) the legal proceedings relating to contractual responsibility and negligence launched against GDF SUEZ by Jean-Michel Germa, at the time when the latter was dismissed as Chairman and Chief Executive Officer of La Compagnie du Vent, before the Paris Commercial Court on February 15, 2012, (iii) the proceedings launched against GDF SUEZ, La Compagnie du Vent and the current Chairman and Chief Executive by SOPER before the Montpellier Commercial Court on May 21, 2012, which request a legal review of certain management decisions, in order to obtain compensation, (iv) the proceedings launched by SOPER before the Paris Commercial Court on January 18, 2013, with a view to ordering GDF SUEZ to pay compensation of around €214 million to SOPER as a result of the alleged breach of the agreement and of the partners' agreement signed in 2007, and (v) the proceedings launched by SOPER before the Paris Commercial Court on May 16, 2013 with the aim that GDF SUEZ be forbidden from exercising the share subscription warrants under the terms and conditions set out in the partners' agreement, claiming that GDF SUEZ prevented La Compagnie du Vent from attaining the performance targets to be met to exercise these warrants.

Regarding the put option on the 5% interest in La Compagnie du Vent held by SOPER, the price of the shares was set by an expert following the contractually agreed procedure. The shares were transferred on February 18, 2013. On April 26, 2013, SOPER brought another action before the Paris Commercial Court seeking the cancellation of the expert's report and the appointment of a new expert to set the price of the shares. The case has been brought before the Créteil Commercial Court.

### 28.1.5 Freeze of regulated natural gas tariffs in France

#### Legal proceedings regarding the freeze of regulated tariffs

The ministerial decree of July 18, 2012 set the increase in the regulated natural gas tariff in France at 2% as from July 20, 2012. The Group considered that this price change did not enable it to cover all of its natural gas supply costs and other costs.

As a consequence, GDF SUEZ contested the decree before the *Conseil d'État* on August 24, 2012, on the grounds of abuse of authority.

The ministerial decree of September 26, 2012 set the increase in the regulated natural gas tariff in France at 2% for the period from September 29, 2012 to December 31, 2012. The Group also considered that this price change did not enable it to cover all of its natural gas supply costs and other costs.

As a consequence, GDF SUEZ contested the decree before the *Conseil d'État* on November 15, 2012, on the grounds of abuse of authority. The *Conseil d'État* suspended the decree of September 26, 2012 via an order issued on November 29, 2012, and also instructed the Ministries responsible for Energy and Finance to issue a new statement regarding regulated gas tariffs within one month, by applying the current legislation.

The *Conseil d'État*, ruling on the merits, canceled the decrees of June 27, 2011, July 18, 2012 and September 26, 2012, via three decisions dated January 30, 2013 on the grounds that they did not set the increase in regulated natural gas tariffs at the level necessary to cover GDF SUEZ's average full costs. The *Conseil d'État* instructed the French State to issue new decrees to correct this unlawful position within one month. The financial consequences of these decisions by the *Conseil d'État* and the new pricing decrees were recognized in the consolidated financial statements for the year ended December 31, 2013. In view of the decision of January 30, 2013 canceling the decree of September 26, 2012 following the claim filed by ANODE, the *Conseil d'État* held that there was no need to adjudicate on the appeal of GDF SUEZ which was considered to be devoid of purpose.

#### Legal proceedings regarding the differences in regulated tariffs for residential premises and non-residential premises

By a decree dated October 2, 2013, the *Conseil d'État* canceled Articles 3 and 4 of the December 22, 2011 pricing decree, which set the regulated tariffs for gas supplied via public distribution networks, and in particular different tariffs for residential premises and non-residential premises. This decision affects the tariffs that were applicable between January 1, 2012 and July 20, 2012, when the subsequent decree of July 18, 2012 came into force.

The *Conseil d'État* considered that residential and non-residential customers should not be treated differently in respect of regulated gas tariffs since there was no intrinsic difference between the cost of supplying gas to either category of user. Therefore, the only possible justification would have to be based on public interest. However, the *Conseil d'État* was of the view that the French State had not provided sufficient justification that this differentiation was based on public interest and ordered the French State to issue another decree, within one month, that "set the tariffs in accordance with the principles set out in this decision". In other words, the calculation of the new tariffs must take account of both the lack of any differentiation and the changes in price levels that should have occurred in April 2012. The decree of December 26, 2013 accordingly established the new tariffs that were applicable between January 1 and July 19, 2012.

By two decisions delivered on December 30, 2013, the *Conseil d'État* canceled, on the same grounds, Article 3 of the December 21, 2012 pricing decree and the April 15, 2013 decrees which set the regulated tariffs for gas supplied via public distribution networks, and in particular different tariffs for residential premises and non-residential premises. This decision affects the tariffs that were applicable between July 20, 2012 and December 31, 2012 and from the first half of 2013.

The *Conseil d'État* ordered the French State to issue another decree within two months that "set the tariffs in accordance with the principles set out in these decisions". The decree has not yet been issued.

### Legal proceedings regarding decree No. 2013-400 of May 16, 2013 amending decree No. 2009-1603 of December 18, 2009 relating to regulated natural gas tariffs

In July 2013, ANODE launched an appeal with the *Conseil d'État* requesting the annulment of decree No. 2013-400 of May 16, 2013 amending decree No. 2009-1603 of December 18, 2009 relating to regulated natural gas tariffs.

ANODE contends that the regulated natural gas tariff framework is inconsistent with the objectives of Directive 2009/73/EC concerning common rules for the internal market in natural gas, and Article 106.1 of the Treaty on the Functioning of the European Union.

### 28.1.6 Objection to the CREG's approval of Elia's injection tariffs

In December 2011, the Belgian Gas and Electricity Regulation Commission (*Commission de Régulation de l'Électricité et du Gaz* – CREG) approved the tariff proposal submitted by the electricity transmission grid operator, Elia System Operator, for the 2012-2015 period. Electrabel objects to two main aspects of this proposal: (i) the application of injection tariffs for use of the grid and (ii) the injection tariffs for ancillary services.

Electrabel launched proceedings before the Brussels Court of Appeal to cancel the CREG's decision. On February 6, 2013, the Brussels Court of Appeal overturned the CREG's decision of December 22, 2011 in its entirety (*ex tunc* and with *erga omnes* effect). On May 24, 2013, the CREG appealed the decision handed down by the Brussels Court of Appeal on February 6, 2013 before the Court of Cassation.

Consequently, and in the absence of regulated tariffs, Elia submitted another tariff proposal (covering the period between 2012 and 2015) which was approved by the CREG on May 16, 2013. However, proceedings to overturn this decision by the CREG were again launched before the Brussels Court of Appeal on June 14, 2013, this time by the Federation of Belgian Industrial Energy Consumers (Febeliec). Electrabel intervened in these proceedings in order to defend the tariffs that were approved on May 16, 2013 and submitted its pleadings on October 30, 2013.

### 28.1.7 NAM (Nederlandse Aardolie Maatschappij)

In June 2011, NAM filed a claim against GDF SUEZ E&P Nederland BV (a GDF SUEZ company) for the payment of a price adjustment, under the sale agreements entered into with GDF SUEZ for the sale of exploration and production assets in the Netherlands and of an interest in NOGAT BV, in respect of an income tax expense of €50 million that NAM claimed to have paid on behalf of GDF SUEZ between the effective date and the completion date of the transaction. This claim had always been contested by GDF SUEZ as being in breach of the agreements.

In response to this action, GDF SUEZ E&P Nederland BV filed a separate claim for €5.9 million against NAM.

On May 21, 2012, the District Court of The Hague dismissed GDF SUEZ E&P Nederland BV's claim and ordered it to pay the principal amount claimed by NAM, together with interest of 3.8% accrued since January 17, 2011.

As the decision was enforceable, this payment has already been made. However, GDF SUEZ E&P Nederland BV appealed the decision on August 1, 2012. The Court of Appeal delivered its decision on December 17, 2013 and upheld the District Court's decision.

### 28.1.8 Argentina

In Argentina, the Public Emergency and Exchange Regime Reform Act (Emergency Act), enacted in January 2002, froze concession contract tariff increases by 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 two arbitration proceedings against the Argentinean 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 in value of investments made since the start of the concession, as a consequence of measures taken by the Argentinean State following the adoption of the above-mentioned Emergency Act. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators Aguas Argentinas (AASA) and Aguas Provinciales de Santa Fe (APSF) 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, APSF announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, AASA filed for "*Concurso Preventivo*"<sup>(1)</sup>. As part of this procedure, a settlement proposal involving the novation of AASA's admissible liabilities, approved by creditors and confirmed by the bankruptcy court on April 11, 2008 enabled the settlement of some of these liabilities. The proposal provides for an initial payment of 20% of these liabilities<sup>(2)</sup> (upon confirmation), and a second payment of 20% in the event that compensation is obtained from the Argentinean State. As controlling shareholders, GDF SUEZ and Agbar decided to financially support AASA 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 AASA and APSF.

By two decisions dated July 30, 2010, ICSID recognized the liability of the Argentinean State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. The amount of damages to be paid in compensation for the losses sustained is to be set by experts.

An initial expert report regarding the concession in Buenos Aires was submitted to the ICSID in September 2013. The expert report on the concession in Santa Fe is expected in 2014. The proceedings are ongoing.

(1) Similar to the French bankruptcy procedure.

(2) Approximately USD 40 million.



### 28.1.9 Fos Cavaou – Construction

On January 17, 2012, Fosmax LNG<sup>(1)</sup>, 72.5%-owned by Elengy and 27.5%-owned by Total, submitted a request for arbitration to the ICC International Court of Arbitration against a consortium consisting of Sofregaz, Tecnimont SpA and Saipem SA (STS).

The dispute relates to the construction of the LNG terminal belonging to Fosmax LNG 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, Fosmax LNG contracted other companies to complete the construction of that part of the works in 2010.

Fosmax LNG instituted arbitration proceedings under the aegis of the ICC, seeking compensation for the losses sustained. Fosmax LNG submitted its statement of claim on October 19, 2012. STS (a consortium consisting of Sofregaz, Tecnimont SpA and Saipem SA) filed its statement of defense and counterclaims on January 28, 2013. After the parties exchanged their pleadings in accordance with the procedure, the hearings took place at the arbitration court from November 18 to 22, 2013. The award is expected to be delivered at the end of 2014.

### 28.1.10 Objection to Belgian nuclear contributions

The December 22, 2008 program act (*loi-programme*) provisions imposed a €250 million tax on nuclear power generators. Electrabel, a GDF SUEZ Group company, filed an appeal with the Belgian Constitutional Court, which rejected this claim by a decision dated March 30, 2010. In addition, the tax was renewed for 2009<sup>(2)</sup>, 2010<sup>(3)</sup> and 2011<sup>(4)</sup>. Electrabel has therefore paid a total of €859 million in this respect. Pursuant to a Memorandum of Understanding signed on October 22, 2009 between the Belgian State and the Group, this tax should not have been renewed but should have been replaced by a contribution related to the extension of the period over which certain nuclear power facilities are operated.

On June 11, 2013, Electrabel filed an appeal with the Belgian Constitutional Court seeking the partial annulment of the law of December 27, 2012 amending the law of April 11, 2003 governing the provisions for dismantling nuclear power plants and the management of irradiated fissile materials, and in particular, the articles establishing a €550 million contribution payable by operators of nuclear plants for 2012, of which €479 million to be borne by Electrabel.

On September 9, 2011, Electrabel brought an action to recover the amounts paid. The proceedings are ongoing before the Brussels Court of First Instance. On February 11, 2014, the case was brought before the court, which reserved its judgment. However, the judgment is expected in the first half of 2014.

### 28.1.11 Claims by the Belgian tax and energy authorities

The Belgian tax authorities' Special Tax Inspectorate is claiming €188 million from SUEZ-Tractebel, a GDF SUEZ company, concerning past investments in Kazakhstan. SUEZ-Tractebel has filed an appeal against this claim. As the Belgian tax authorities' decision is still pending after ten years, an appeal was lodged with the Brussels Court of First Instance in December 2009, and it ruled in favor of SUEZ-Tractebel in May 2013. The Special Tax Inspectorate accepted the ruling and waived its right of appeal. The dispute is therefore closed.

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 €265 million for the period 2003 to 2009. An initial ruling which did not address the substance of the 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 for the period 2005 to 2007. A judgment on the merits ruled in favor of Electrabel and SUEZ-Tractebel in April 2013. The Special Tax Inspectorate accepted the ruling and waived its right of appeal. The dispute is therefore closed. The reduction and repayment of the unduly assessed tax is in progress.

The Belgian Energy Authority has claimed a total amount in tax of €356 million on unused facilities from Electrabel for the period between 2006 and 2011. Given the ruling issued by the Brussels Court of First Instance on February 17, 2010 regarding the tax for facilities that were not used between 2006 and 2008, which is very largely in its favor, Electrabel has filed a return for the only facility that it believes should be subject to this tax for 2009, 2010, and 2011. Meanwhile, the Authority has upheld its previous position and has assessed tax for seven facilities (including the facility declared) for each of those years. Electrabel initially opposed these taxes via an administrative claim, and then by submitting an appeal to the Brussels Court of First Instance. Electrabel has not paid the tax for 2009 and 2010, as it considered that it was assessed late. However, it has paid an amount of €6.25 million in respect of the 2011 tax for the declared facility. Electrabel has not submitted a return for either 2012 or 2013, as the only facility likely to be subject to the tax for unused sites no longer has an electricity generation operating license. The Belgian Energy Authority has upheld its previous position and has assessed tax for seven facilities in respect of 2012 and 2013, totaling €67.5 million for each year. Electrabel is disputing these taxes via an administrative claim, and by appealing to the Brussels Court of First Instance.

(1) Formerly Société du Terminal Méthanier de Fos Cavaou.

(2) Law of December 23, 2009.

(3) Law of December 29, 2010.

(4) Law of January 8, 2012.

### 28.1.12 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. The decisions of the *Conseil d'État*, dated December 10, 2012, in the Rhodia and Accor cases, related to the "précompte" could potentially affect GDF SUEZ's arguments, without modifying its position however, given the status of the ongoing procedures in which it is involved.

### 28.1.13 Claim by the Brazilian tax authorities

Tractebel Energia, a GDF SUEZ Group company, contested the tax assessment notice of 382 million<sup>(1)</sup> Brazilian real issued by the Brazilian tax authorities on December 30, 2010 in respect of fiscal years 2005 to 2007. Tractebel Energia considered that the tax authorities wrongly refused to grant it deductions in relation to the tax incentive which provides consideration for intangible assets.

In February 2012, a decision was issued by the Administrative Court of Florianopolis in favor of Tractebel Energia, which was upheld by the administrative court with jurisdiction for tax matters in Brazil on June 11, 2013. In September 2013, the tax authorities confirmed that they did not plan to appeal this decision and the dispute is therefore closed.

### 28.1.14 Claim by the Dutch tax authorities

Based on a disputable interpretation of a statutory modification that came into force in 2007, the Dutch tax authorities refuse the deductibility of a portion of the interest paid on financing contracted for the acquisition of investments made in the Netherlands in 2000. The amount of tax and default interest claimed amounts to €127 million. An appeal has been filed against these tax claims.

## 28.2 Competition and concentration

### 28.2.1 "Accès France" proceedings

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. On December 3, 2009, the Commission adopted 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.

### 28.2.2 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 Compagnie Nationale du Rhône (CNR) at the end of 2003, without notifying the Commission (ii) and for having carried out this 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. In its ruling of December 12, 2012, the Court rejected the appeal against the European Commission's decision in its entirety. Electrabel has appealed the Court's decision before the Court of Justice of the European Union.

### 28.2.3 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, in particular the agreement between DUNAMENTI Erőmű (a group subsidiary) and MVM, constituted illegal State aid, incompatible with the Treaty on the Functioning of the European Union. It asked the Hungarian State to terminate these agreements, 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 set-off mechanism was approved by the European Commission on April 27, 2010. The Hungarian government then 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 Erőmű brought an action before the General Court of the European Union on April 28, 2009 for annulment of the Commission's decision of June 4, 2008. The hearing took place on May 15, 2013 and the Court has not yet announced when it will deliver its decision. On April 27, 2010, the European Commission rendered a decision approving the State aid payable by DUNAMENTI Erőmű and the amount of its stranded costs and allowing DUNAMENTI Erőmű to offset the State aid deemed illegal and the stranded costs. The set-off mechanism exempted DUNAMENTI Erőmű from the obligation to pay back the State aid deemed illegal. In 2015, at the initial expiration date of DUNAMENTI Erőmű's long-term Power Purchase Agreement, Hungary will recalculate the amount of stranded costs, which could result in DUNAMENTI Erőmű having to reimburse aid at that time<sup>(2)</sup>.

(1) Around €134 million.

(2) Refer also to Note 28.1.1 "Legal and arbitration proceedings/Electrabel – Hungarian State".



Furthermore, on January 10, 2014, DUNAMENTI Erőmű and its main shareholder Electrabel filed an action before the General Court of the European Union seeking damages from the European Commission in the event that the decision of June 4, 2008 should be annulled.

#### 28.2.4 Inquiry into the Belgian electricity wholesale market

In September 2009 and June 2010, the Belgian Competition Authority organized raids on several companies operating in Belgium's electricity wholesale market, including Electrabel, a GDF SUEZ company.

On November 29, 2013 Auditorat (the prosecuting body of the Belgian competition authority) submitted a draft decision to the President of the Belgian competition authority<sup>(1)</sup> as well as to Electrabel. The draft decision, which confirms the Auditorat's report filed on February 7, 2013, alleges that Electrabel may have abused its dominant position. This case will now be investigated by the College of Competition Prosecutors<sup>(2)</sup>. Electrabel formally contests these allegations and will submit its written observations to the College. A hearing will be held for Electrabel to defend its position before the College.

## NOTE 29 SUBSEQUENT EVENTS

No significant subsequent event has occurred since the closing of the accounts at December 31, 2013.

## NOTE 30 LIST OF THE MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2013

The table below is provided for indicative purposes only and only includes the main fully 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. As a reminder, the main associates (accounted under equity method), and entities consolidated by the proportional consolidation method

are presented in Notes 13 "Investments in associates" and 14 "Investments in joint ventures" respectively.

The FC abbreviation is used to indicate the full consolidation method.

The NC abbreviation is used to indicate not consolidated subsidiary.

Entities marked with an asterisk (\*) form part of the legal entity GDF SUEZ SA.

### Energy International

|                                                |                                                                               | % interest |           | % control |           | Consolidation method |           |
|------------------------------------------------|-------------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
| Company name                                   | Corporate headquarters                                                        | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| Norh America Region                            |                                                                               |            |           |           |           |                      |           |
| GDF SUEZ ENERGY GENERATION NORTH AMERICA Group | 1990 Post Oak Boulevard, Suite 1900<br>Houston, TX 77056-4499 – United States | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ GAS NA LLC Group                      | 1990 Post Oak Boulevard, Suite 1900<br>Houston, TX 77056-4499 - United States | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ ENERGY MARKETING NORTH AMERICA Group  | 1990 Post Oak Boulevard, Suite 1900<br>Houston, TX 77056-4499 - United States | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ ENERGY RESOURCES NORTH AMERICA Group  | 1990 Post Oak Boulevard, Suite 1900<br>Houston, TX 77056-4499 - United States | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |

(1) Further to the entry into force on September 6, 2013 of the law of April 3, 2013, inserting additional clauses into Books IV and V of the Belgian Code of Economic Law (Code de droit économique), the Belgian Competition Authority has replaced the previous competition authority.

(2) The Authority's new decision-making body.



## Notes to the consolidated financial statements

### NOTE 30 LIST OF THE MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2013

| Company name            | Corporate headquarters                                                                 | % interest |           | % control |           | Consolidation method |           |
|-------------------------|----------------------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
|                         |                                                                                        | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| Latin America Region    |                                                                                        |            |           |           |           |                      |           |
| E-CL SA Group           | Avda. El Bosque Norte 500, of. 902, Santiago - Chile                                   | 52.8       | 52.8      | 52.8      | 52.8      | FC                   | FC        |
| TRACTEBEL ENERGIA Group | Rua Paschoal Apóstolo Pitsica, 5064, Agronômica Florianopolis, Santa Catarina – Brazil | 68.7       | 68.7      | 68.7      | 68.7      | FC                   | FC        |
| ENERSUR                 | Av. República de Panamá 3490, San Isidro, Lima 27 - Peru                               | 61.8       | 61.8      | 61.8      | 61.8      | FC                   | FC        |

|                             |                                                                                                          | % interest |           | % control |           | Consolidation method |           |
|-----------------------------|----------------------------------------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
| Company name                | Corporate headquarters                                                                                   | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| Asia-Pacific Region         |                                                                                                          |            |           |           |           |                      |           |
| GLOW ENERGY PUBLIC CO. Ltd. | 195 Empire Tower, 38th Floor - Park Wing, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 - Thailand | 69.1       | 69.1      | 69.1      | 69.1      | FC                   | FC        |
| Gheco One Company Ltd.      | 11, I-5 Road, Tambon Map Ta Phut, Muang District. Rayong Province 21150 - Thailand                       | 44.9       | 44.9      | 65.0      | 65.0      | FC                   | FC        |
| HAZELWOOD POWER PARTNERSHIP | PO Box 195, Brodribb Road - Morwell Victoria 3840 - Australia                                            | 72.0       | 91.8      | 100.0     | 91.8      | FC                   | FC        |
| Loy Yang B Consolidated     | Level 33, Rialto South Tower, 525 Collins Street - Melbourne Vic 3000 - Australia                        | 70.0       | 70.0      | 100.0     | 100.0     | FC                   | FC        |

| Company name                         | Corporate headquarters                                                                                  | % interest |           | % control |           | Consolidation method |           |
|--------------------------------------|---------------------------------------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
|                                      |                                                                                                         | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| United Kingdom & Other Europe Region |                                                                                                         |            |           |           |           |                      |           |
| GDF SUEZ ENERGY UK RETAIL            | No.1 Leeds 26 Whitehall Road-Leeds LS12 1BE - United Kingdom                                            | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| FHH (Guernsey) Ltd.                  | Gategny Court, Gategny Esplanade, St Peter Port - GY1 1 WR - Guernsey                                   | 75.0       | 75.0      | 100.0     | 100.0     | FC                   | FC        |
| SALTEND                              | Senator House - 85 Queen Victoria Street - London - United Kingdom                                      | 75.0       | 75.0      | 100.0     | 100.0     | FC                   | FC        |
| BAYMINA ENERJİ A.S.                  | Ankara Dogal Gaz Santrali, Ankara Eskisehir Yolu 40.Km, Maliköy Mevkii, 06900 Polatki / Ankara - Turkey | 95.0       | 95.0      | 95.0      | 95.0      | FC                   | FC        |



|                                                |                                                                              | % interest |           | % control |           | Consolidation method |           |
|------------------------------------------------|------------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
| Company name                                   | Corporate headquarters                                                       | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| Corporate Region                               |                                                                              |            |           |           |           |                      |           |
| INTERNATIONAL POWER plc (IPR)                  | Senator House, 85 Queen Victoria Street - London - EC4V 4DP - United Kingdom | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| International Power CONSOLIDATED HOLDINGS Ltd. | Senator House, 85 Queen Victoria Street - London - EC4V 4DP - United Kingdom | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| International Power Brussels                   | Boulevard Simon Bolivar, 34, 1000 Brussels - Belgium                         | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |

## Energy Europe

| Company name                                      | Corporate headquarters                                      | % interest |           | % control |           | Consolidation method |          |
|---------------------------------------------------|-------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|----------|
|                                                   |                                                             | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec 2012 |
| Central Western Europe                            |                                                             |            |           |           |           |                      |          |
| COMPAGNIE NATIONALE DU RHONE (CNR)                | 2, rue André Bonin<br>69004 Lyon - France                   | 49.9       | 49.9      | 49.9      | 49.9      | FC                   | FC       |
| GDF SUEZ SA - Énergie Europe (*)                  | 1, Place Samuel de Champlain -<br>92400 Courbevoie - France | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC       |
| GDF SUEZ Thermique France                         | 2, Place Samuel de Champlain -<br>92400 Courbevoie - France | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC       |
| GDF SUEZ SA - Amo Gas (*)                         | 1, Place Samuel de Champlain -<br>92400 Courbevoie - France | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC       |
| GDF SUEZ Kraftwerk<br>Wilhelmshaven GmbH & Co. KG | Niedersachsendamm10 -<br>26386 Wilhelmshaven - Germany      | 57.0       | 57.0      | 52.0      | 52.0      | FC                   | FC       |
| SAVELYS Group                                     | 23,rue Philibert Delorme<br>75017 Paris - France            | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC       |
| GDF SUEZ Energie Nederland NV                     | Grote Voort 291, 8041 BL Zwolle -<br>Netherlands            | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC       |
| ELECTRABEL                                        | Boulevard Simon Bolivar, 34 -<br>1000 Brussels - Belgium    | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC       |
| ELECTRABEL CUSTOMER<br>SOLUTIONS                  | Boulevard Simon Bolivar, 34 -<br>1000 Brussels - Belgium    | 95.8       | 95.8      | 95.8      | 95.8      | FC                   | FC       |
| SYNATOM                                           | Avenue Ariane 7 -<br>1200 Brussels - Belgium                | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC       |
| GDF SUEZ Energie<br>Deutschland AG                | Friedrichstraße 200 -<br>D-10117 Berlin - Germany           | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC       |



## Notes to the consolidated financial statements

### NOTE 30 LIST OF THE MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2013

#### Information regarding Luxembourg and Dutch companies exempted from the requirement to publish annual financial statements:

Some companies in the Energy Europe business line do not publish annual financial statements pursuant to the 7th European Directive and to domestic provisions in Luxembourg and Dutch law relating to the exemption from the requirement to publish audited annual financial.

The companies exempted are:

- ▶ GDF SUEZ Energie Nederland NV,
- ▶ GDF SUEZ Energie Nederland Holding BV,
- ▶ Electrabel Nederland Retail BV,
- ▶ Electrabel United Consumers Energie BV,

- ▶ Epon Eemscentrale III BV,
- ▶ Epon Eemscentrale IV BV,
- ▶ Epon Eemscentrale V BV,
- ▶ Epon Eemscentrale VI BV,
- ▶ Epon Eemscentrale VII BV,
- ▶ Epon Eemscentrale VIII BV,
- ▶ Epon International BV,
- ▶ Epon Power Engineering BV,
- ▶ GDF SUEZ Portfolio Management BV,
- ▶ and Electrabel Invest Luxembourg.

|                               |                                                            | % interest |           | % control |           | Consolidation method |           |
|-------------------------------|------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
| Company name                  | Corporate headquarters                                     | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| Other Europe                  |                                                            |            |           |           |           |                      |           |
| DUNAMENTI Erőmű               | Erőmű ut 2, 2440 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 N° 6,57013 Rosignano Solvay - Italy              | 99.5       | 99.5      | 99.5      | 99.5      | FC                   | FC        |
| GDF SUEZ PRODUZIONE SpA       | Lungotevere Arnaldo da Brescia, 12 - 00196 Rome - Italy    | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| SC GDF SUEZ Energy România SA | Bld Marasesti, 4-6, sector 4 - 040254 Bucharest - Roumania | 51.0       | 51.0      | 51.0      | 51.0      | FC                   | FC        |
| GSEM                          | Pulcz u. 44 - H 6724 - SZEGED - Hungary                    | 99.9       | 99.9      | 99.9      | 99.9      | 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 SpA          | Via Spadolini, 7 - 20141 Milan - Italy                     | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |

#### Gas & LNG

| Company name                  | Corporate headquarters                                              | % interest |           | % control |           | Consolidation method |           |
|-------------------------------|---------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
|                               |                                                                     | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| GDF SUEZ E&P International    | 1, Place Samuel de Champlain - 92400 Courbevoie - France            | 70.0       | 70.0      | 70.0      | 70.0      | FC                   | FC        |
| GDF SUEZ E&P UK Ltd.          | 40, Holborn Viaduct - London EC1N 2PB - United Kingdom              | 70.0       | 70.0      | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ E&P NORGE AS         | Vestre Svanholmen 6 - 4313 Sandnes - Norway                         | 70.0       | 70.0      | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ E&P NEDERLAND BV     | Einsteinlaan 10 - 2719 EP Zoetermeer - Netherlands                  | 70.0       | 70.0      | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ E&P DEUTSCHLAND GmbH | Waldstrasse 39 - 49808 Lingen - Germany                             | 70.0       | 70.0      | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ SA - B3G (*)         | 1, Place Samuel de Champlain - 92400 Courbevoie - France            | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ LNG SUPPLY SA        | 65, Avenue de la Gare - 1611 Luxembourg - Grand Duchy of Luxembourg | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |



## Infrastructures

| Company name | Corporate headquarters                                                 | % interest |           | % control |           | Consolidation method |           |
|--------------|------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
|              |                                                                        | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| 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       | 75.0      | 75.0      | 75.0      | FC                   | FC        |

## Energy Services

| Company name                  | Corporate headquarters                                                                                 | % interest |           | % control |           | Consolidation method |           |
|-------------------------------|--------------------------------------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
|                               |                                                                                                        | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| COFELY ITALIA SpA             | Via Ostiense, 333 - 00146 Roma - Italy                                                                 | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| AXIMA CONCEPT                 | 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 Zürich - 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        |
| Pôle COFELY Réseaux           | Immeuble le Wilson II, 80 Avenue du Général de Gaulle CS 90021 - 92031 Paris la Défense Cedex - France | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| COFELY FABRICOM SA            | Rue Gatti de Gamond, 254 - 1180 Brussels - Belgium                                                     | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| ENDEL Group                   | 1, Place des Degrés 92059 Paris La Défense - France                                                    | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| COFELY NEDERLAND NV Group     | Kosterijland 20 - 3981 AJ Bunnik - Netherlands                                                         | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| BALFOUR BEATTY WORKPLACE (**) | Fourth Floor West - Block 1 Angel Square - 1 Torrens Street - London - EC1V 1NY - United Kingdom       | 100.0      | 0.0       | 100.0     | 0.0       | FC                   | NC        |
| INEO Group                    | 1, Place des Degrés 92059 Paris La Défense - France                                                    | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |

(\*\*)Cofely Workplace Limited is the new name of Balfour Beatty Workplace acquired by the Group at the end 2013.



## Other

| Company name                     | Corporate headquarters                                                    | % interest |           | % control |           | Consolidation method |           |
|----------------------------------|---------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------|-----------|
|                                  |                                                                           | Dec. 2013  | Dec. 2012 | Dec. 2013 | Dec. 2012 | Dec. 2013            | Dec. 2012 |
| GDF SUEZ SA (*)                  | 1, Place Samuel de Champlain -<br>92400 Courbevoie - France               | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ EMT Corporate           | Boulevard Simon Bolivar 34 -<br>1000 - Brussels - Belgium                 | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GIE - GDF SUEZ ALLIANCE          | 1, Place Samuel de Champlain -<br>92400 - Courbevoie - France             | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ FINANCE SA              | 1, Place Samuel de Champlain -<br>92400 - Courbevoie - France             | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ CC                      | Boulevard Simon Bolivar 34 -<br>1000 Brussels - Belgium                   | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GENFINA                          | Boulevard Simon Bolivar 34 -<br>1000 Brussels - Belgium                   | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ TREASURY Management     | 65, Avenue de la Gare -<br>1611 Luxembourg -<br>Grand Duchy of Luxembourg | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |
| GDF SUEZ Invest International SA | 65, Avenue de la Gare -<br>1611 Luxembourg -<br>Grand Duchy of Luxembourg | 100.0      | 100.0     | 100.0     | 100.0     | FC                   | FC        |

Until July 22, 2013, the Group included a "SUEZ Environnement" business line that included the fully consolidated SUEZ Environnement Group (see Note 3 "Segment information"). Since the date of the loss of control, the share owned is consolidated under the equity method in the "Other" business line.

#### Information regarding Luxembourg and Dutch companies exempted from the requirement to publish annual financial statements:

Some companies in the Other business line do not publish annual financial statements pursuant to the 7th European Directive and to domestic provisions in Luxembourg and Dutch law relating to the exemption from the requirement to publish audited annual financial.

The companies exempted are:

- ▶ GDF SUEZ Corp Luxembourg SARL,
- ▶ GDF SUEZ TREASURY Management SARL,
- ▶ and GDF SUEZ Invest International SA.



## NOTE 31 FEES PAID TO THE STATUTORY AUDITORS AND TO MEMBERS OF THEIR NETWORKS

The GDF SUEZ Group's auditors were Deloitte, EY 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.

|                                                                                                                       | EY          |             |              |              | Deloitte    |             |              |              | Mazars     |            |              |              |
|-----------------------------------------------------------------------------------------------------------------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|------------|------------|--------------|--------------|
|                                                                                                                       | Amount      |             | %            |              | Amount      |             | %            |              | Amount     |            | %            |              |
|                                                                                                                       | 2013        | 2012        | 2013         | 2012         | 2013        | 2012        | 2013         | 2012         | 2013       | 2012       | 2013         | 2012         |
| <i>In millions of euros</i>                                                                                           |             |             |              |              |             |             |              |              |            |            |              |              |
| <b>Audit</b>                                                                                                          |             |             |              |              |             |             |              |              |            |            |              |              |
| Statutory audit, attest engagements and review of consolidated and parent company financial statements <sup>(1)</sup> |             |             |              |              |             |             |              |              |            |            |              |              |
| • GDF SUEZ SA                                                                                                         | 1.9         | 2.3         | 16.3%        | 11.7%        | 1.1         | 1.4         | 6.2%         | 7.2%         | 1.1        | 1.3        | 25.2%        | 15.3%        |
| • Fully and proportionately consolidated subsidiaries                                                                 | 7.8         | 13.7        | 68.8%        | 71.0%        | 14.3        | 14.9        | 76.9%        | 77.3%        | 2.6        | 5.9        | 59.7%        | 71.5%        |
| <b>Other audit-related procedures and services</b>                                                                    |             |             |              |              |             |             |              |              |            |            |              |              |
| • GDF SUEZ SA                                                                                                         | 0.3         | 0.5         | 2.7%         | 2.5%         | 0.8         | 0.6         | 4.3%         | 3.3%         | 0.1        | 0.3        | 3.3%         | 3.6%         |
| • Fully and proportionately consolidated subsidiaries                                                                 | 0.6         | 1.6         | 5.1%         | 8.4%         | 1.1         | 1.3         | 6.2%         | 6.5%         | 0.5        | 0.6        | 11.5%        | 7.4%         |
| <b>SUB-TOTAL</b>                                                                                                      | <b>10.6</b> | <b>18.1</b> | <b>92.9%</b> | <b>93.7%</b> | <b>17.3</b> | <b>18.2</b> | <b>93.5%</b> | <b>94.3%</b> | <b>4.4</b> | <b>8.0</b> | <b>99.7%</b> | <b>97.8%</b> |
| <b>Other services</b>                                                                                                 |             |             |              |              |             |             |              |              |            |            |              |              |
| • Tax                                                                                                                 | 0.7         | 1.1         | 6.0%         | 5.5%         | 0.8         | 1.1         | 4.5%         | 5.6%         | -          | -          | -            | 0.4%         |
| • Other                                                                                                               | 0.1         | 0.2         | 1.0%         | 0.9%         | 0.4         | -           | 2.0%         | 0.1%         | -          | 0.1        | 0.3%         | 1.8%         |
| <b>SUB-TOTAL</b>                                                                                                      | <b>0.8</b>  | <b>1.2</b>  | <b>7.1%</b>  | <b>6.3%</b>  | <b>1.2</b>  | <b>1.1</b>  | <b>6.5%</b>  | <b>5.7%</b>  | <b>-</b>   | <b>0.2</b> | <b>0.3%</b>  | <b>2.2%</b>  |
| <b>TOTAL</b>                                                                                                          | <b>11.4</b> | <b>19.3</b> | <b>100%</b>  | <b>100%</b>  | <b>18.5</b> | <b>19.3</b> | <b>100%</b>  | <b>100%</b>  | <b>4.4</b> | <b>8.2</b> | <b>100%</b>  | <b>100%</b>  |

(1) Fees incurred in 2013 in respect of proportionately consolidated entities, essentially as a result of statutory audit engagements, amounted to €0.1 million for Deloitte (€0.2 million in 2012), €0.1 million for EY (€0.5 million in 2012) and €0.1 million for Mazars (€0.1 million in 2012).

Fees related to SUEZ Environnement business line related to 2013 were cut off as at July 22, 2013 (date from which SUEZ Environnement Company was accounted for under the equity method instead of full consolidation in GDF SUEZ financial statements), which affected almost exclusively EY and Mazars' fees.

The 2013 GDF SUEZ Consolidated Financial Statements is also available on the Group's website ([gdfsuez.com](http://gdfsuez.com)) where all Group publications can be downloaded.

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## Our values

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drive  
commitment  
daring  
cohesion



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