

# 2015 FIRST-HALF FINANCIAL REPORT



# ENGIE Profile

ENGIE develops its businesses (power, natural gas, energy services) around a model based on responsible growth to take on the major challenges of energy's transition to a low-carbon economy: access to sustainable energy, climate-change mitigation and adaptation, security of supply and the rational use of resources.

The Group provides individuals, cities and businesses with highly efficient and innovative solutions largely based on its expertise in four key sectors: renewable energy, energy efficiency, liquefied natural gas and digital technology.

ENGIE employs 152,900 people worldwide and achieved revenues of €74.7 billion in 2014. The Group is listed on the Paris and Brussels stock exchanges (GSZ) and is represented in the main international indices: CAC 40, BEL 20, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe and Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20).

## Key figures at December 31, 2014

**152,900** employees throughout the world

- inc. **58,200** in power and natural gas,
- and **94,700** in energy services.

**€74.7 billion** in 2014 revenues.

Operations in **70** countries.

**€6-7 billion** of net investment per year over 2014-2016.

**900** researchers and experts at **11** R&D centers.

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# 01 MANAGEMENT REPORT

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Data for 2014 have been restated to reflect the retrospective application of IFRIC 21 (see Note 1.3 to the interim condensed consolidated financial statements). Comparative data for the first half of 2014 also include the impacts of the accounting for using the equity method of the Tirreno Power joint venture following the finalization of the IFRS 11 analysis relating to this entity during the second half of 2014. Tirreno Power was accounted for as a joint operation in the interim condensed consolidated financial statements for the six months ended June 30, 2014.

**Revenues** fell by 1.9% on a reported basis to €38.5 billion (down by 5.4% on an organic basis) compared with first-half 2014. This decrease is mainly attributable to lower commodity prices, outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 nuclear power plant in Belgium, which were partially offset by the appreciation of the US dollar against the euro and more favorable climatic conditions in France, first-half 2014 having been particularly warm.

**EBITDA** amounted to €6.1 billion, down 4.8% on a reported basis (organic decrease of 8.4%). Much like revenues, first-half EBITDA was adversely affected by the impact of the fall in commodity prices, lower LNG activities and by outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 nuclear power plant, which were partially offset by a favorable exchange rate effect, the positive impact of climatic conditions, the commissioning of new assets and continued cost performance measures.

**Current operating income after share in net income of entities accounted for using the equity method** declined by 13.4% on a reported basis and 17.3% on an organic basis to €3.6 billion. The impact of the decrease in EBITDA was enhanced by higher depreciation and amortization charges, mainly due to the commissioning of exploration-production sites in early 2014.

**Net income Group share** amounted to €1.1 billion, down €1.4 billion on first-half 2014, which benefited from revaluation gains on Gaztransport & Technigaz (GTT) following the acquisition of control over the company and the loss of significant influence over the Walloon inter-municipal companies. The first half of 2015 was also negatively impacted by €0.7 billion in impairment losses.

**Net recurring income Group share** amounted to €1.8 billion, down €0.2 billion on first-half 2014. The decline in current operating income after share in net income of entities accounted for using the equity method was partially offset by lower recurring tax expense.

**Cash flow from operations** amounted to €6.0 billion, up €0.4 billion compared with the six months ended June 30, 2014. This increase is mainly due to the change in working capital requirements, related in particular to the improvement in the working capital requirements of the trading activities following the fall in commodity prices at the end of 2014, and to lower interest payments thanks to the decrease in average cost of debt which partially offset the fall in cash generated from operations before income tax and working capital requirements.

**Net debt** stood at €26.8 billion at June 30, 2015, down €0.7 billion compared with net debt at December 31, 2014, reflecting the following items: (i) cash generated from operations before income tax and working capital requirements for the first half of the year (€5.9 billion) and the change in working capital requirements (€1.2 billion); (ii) this was offset by net investments (including changes in scope of consolidation) carried out by the Group (€2.5 billion), dividends paid to ENGIE SA shareholders (€1.2 billion) and to non-controlling interests (€0.3 billion), the impact of changes in exchange rates related to the depreciation of the euro against major currencies (€0.6 billion), cash outflows related to tax payments (€0.7 billion) and to derivative instruments not included in net debt.

# 1 REVENUES AND EARNINGS TRENDS

| <i>In millions of euros</i>                                                                                        | June 30, 2015 | June 30, 2014 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| <b>Revenues</b>                                                                                                    | <b>38,520</b> | <b>39,284</b> | <b>-1.9%</b>                    | <b>-5.4%</b>                   |
| <b>EBITDA</b>                                                                                                      | <b>6,122</b>  | <b>6,430</b>  | <b>-4.8%</b>                    | <b>-8.4%</b>                   |
| Net depreciation and amortization/Other                                                                            | (2,508)       | (2,256)       |                                 |                                |
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>3,614</b>  | <b>4,174</b>  | <b>-13.4%</b>                   | <b>-17.3%</b>                  |

Consolidated **revenues** for the six months ended June 30, 2015 amounted to €38.5 billion, down 1.9% compared with the same prior-year period. On an organic basis (excluding the impact of changes in the scope of consolidation and exchange rates), revenues fell by 5.4%.

Changes in the scope of consolidation had a net positive €93 million impact, mainly corresponding to Energy Services' acquisitions in 2014 (positive €255 million impact) in particular of Ecova in the United States, Lend Lease FM in the United Kingdom, Keppel FMO in Singapore and Lahmeyer in Germany, as well as the full consolidation of GTT by Global Gas & LNG (positive €35 million impact) at the end of February 2014. These positive impacts were partially offset by the decline in revenues resulting from disposals and departures from the scope of consolidation which were mainly carried out by Energy Europe in 2014 (negative €43 million impact) and in Central America by Energy International (negative €121 million impact).

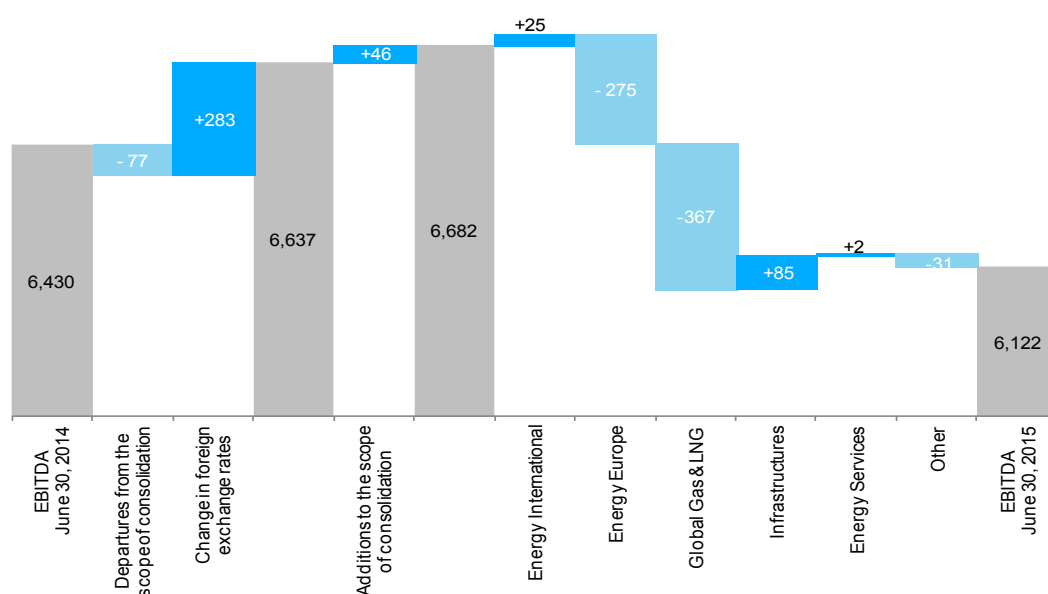
Exchange rates had a positive €1,304 million impact on Group revenues, mainly reflecting the depreciation of the euro against the US dollar, the pound sterling and the Thai baht.

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

**EBITDA** declined by 4.8% to €6.1 billion over the period. Excluding the impact of changes in the scope of consolidation and exchange rates, the decrease in EBITDA came out at 8.4%.

## EBITDA TRENDS

*In millions of euros*



Departures from the scope of consolidation had a negative €77 million impact on EBITDA, largely due to the sale of power generation assets in France and Italy, and to the disposal of exploration-production assets. Conversely, additions to the scope of consolidation had a positive €46 million impact, largely thanks to the acquisitions made by Energy Services and the full consolidation of GTT further to its initial public offering at the end of February 2014.

Changes in exchange rates had a positive €283 million impact, mainly due to the depreciation of the euro against the US dollar, the pound sterling and the Thai baht.

On an organic basis, EBITDA was down 8.4%, or €561 million, and down 11.7%, or €800 million, when adjusted for temperature impacts in France. Beyond the positive impact of Perform 2015 and the quick reaction plan in all business lines, this reflects the following trends:

- EBITDA for Energy International amounted to €1,876 million, up by 1.4% on an organic basis. This was driven by improved performances particularly in Brazil, thanks to higher sales prices and the progressive commissioning of the Jirau power plant units despite prolonged and very unfavorable hydrological conditions, but also in Peru and the Middle East. These increases were only partially mitigated by a weaker power generation performance in merchant markets due to lower prices;
- EBITDA for Energy Europe totaled €1,124 million, down 19.7% on an organic basis, adversely impacted by outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 nuclear power plant, by the decrease in average electricity market prices and by the adverse impact of lower gas prices in Asia on LNG sales;
- EBITDA for Global Gas & LNG was down 32.4% on an organic basis to €781 million, reflecting the fall in oil and gas prices on the European and Asian markets and less business in the LNG segment, largely attributable to the disruption of LNG shipments from Yemen since April 2015. These effects are partially offset by the increase in production recorded by the Group's exploration-production activities as a result of the commissioning of new assets in 2014;
- EBITDA for Infrastructures improved 4.8% on an organic basis compared with the same prior-year period to €1,867 million, reflecting colder temperatures in 2015 and tariff increases for regulated entities, partially offset by a decrease in revenues from joint-transport-storage (JTS);
- EBITDA for Energy Services was up 0.4% on an organic basis to €571 million.

**Current operating income after share in net income of entities accounted for using the equity method** amounted to €3.6 billion, down 17.3% on an organic basis compared with first-half 2014. This indicator shows trends by business line comparable to those of EBITDA but is negatively impacted by higher depreciation and amortization charges related, in particular, to the increased production in exploration-production activities, and the full consolidation of GTT by Global Gas & LNG.

## 2 BUSINESS TRENDS

### 2.1 ENERGY INTERNATIONAL

| June 30, 2015                                                                                               |                      |               |              |               |             |                                  |
|-------------------------------------------------------------------------------------------------------------|----------------------|---------------|--------------|---------------|-------------|----------------------------------|
| In millions of euros                                                                                        | Total <sup>(1)</sup> | Latin America | Asia-Pacific | North America | UK - Turkey | South Asia, Middle East & Africa |
| Revenues                                                                                                    | 7,561                | 1,980         | 1,375        | 2,233         | 1,577       | 397                              |
| EBITDA                                                                                                      | 1,876                | 776           | 432          | 367           | 172         | 193                              |
| Net depreciation and amortization/Other                                                                     | (538)                | (182)         | (131)        | (164)         | (51)        | (8)                              |
| CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD | 1,338                | 594           | 302          | 204           | 121         | 186                              |

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

Energy International's **revenues**, at €7,561 million, rose by 10.2% on a reported basis (down 2.1% on an organic basis). These movements reflect, on the one hand, the negative €127 million impact of changes in the scope of consolidation and the favorable €987 million impact of changes in exchange rates (due mainly to the US dollar, but also the pound sterling and Thai baht), and on the other hand, a limited organic decrease resulting chiefly from the impact of lower prices and volumes in the merchant markets offset by improvements in US and Australian retail activities. The commissioning of assets in Latin America, North America and South Asia, Middle East & Africa (SAMEA) helped to mitigate some of the downward pressure.

**EBITDA** amounted to €1,876 million, up 10.3% based on reported figures and up 1.4% on an organic basis after taking into account the negative €100 million impact of changes in the scope of consolidation and favorable exchange rate movements of €249 million. The organic increase mainly reflects improved performances in Brazil, Peru, the Middle East and the US and Australian retail activities. However, this favorable performance was mitigated by weaker performances of electricity production activities in the merchant markets (United States, Australia and United Kingdom) and of LNG activities.

**Current operating income after share in net income of entities accounted for using the equity method**, at €1,338 million, increased by 10.3% on a reported basis and by 1.7% on an organic basis, in line with EBITDA trends.

#### Latin America

**Revenues** for the Latin America region totaled €1,980 million, representing a 9.5% increase on a reported basis and a 9.7% organic increase: the disposal of assets in Central America (full divestment achieved in December 2014) was offset by a positive foreign exchange impact.

In Brazil, higher sales resulted from an increase in average sales prices, primarily due to inflation indexation, and the progressive commissioning of the Jirau Hydro complex. Peru trended upwards thanks to new PPAs with regulated customers, while in Chile, there was a slight contraction of revenues mostly due to lower tariffs linked to fuel price indexation.

Electricity sales increased by 0.8 TWh to 28.7 TWh, while gas sales were down 0.6 TWh, coming in at 3.7 TWh.

**EBITDA** totaled €776 million, representing an organic increase of 47.3%, mainly reflecting:

- a stronger performance in Brazil despite adverse hydrology conditions affecting the overall system. For Tractebel Energia, this was thanks to an increase in the average prices of bilateral contracts, mainly due to inflation, combined with lower energy purchases. In addition, the volumes sold increased following the progressive commissioning of the Jirau Hydro complex;
- positive trends in Peru, mainly due to higher energy demand mostly from regulated customers and lower generation costs; and
- positive results in E-CL: a lower tariff due to the fuel price indexation more than offset by a lower cost-base following the depreciation of the local currency.

**Current operating income after share in net income of entities accounted for using the equity method** amounted to €594 million, up 71.3% on an organic basis primarily due to an improved EBITDA.

June 30, 2014

| Total <sup>(1)</sup> | Latin America | Asia-Pacific | North America | UK - Turkey | South Asia, Middle East & Africa | % change (reported basis) | % change (organic basis) |
|----------------------|---------------|--------------|---------------|-------------|----------------------------------|---------------------------|--------------------------|
| 6,861                | 1,809         | 1,383        | 1,852         | 1,516       | 301                              | +10.2%                    | -2.1%                    |
| 1,702                | 490           | 431          | 498           | 198         | 132                              | +10.3%                    | +1.4%                    |
| (488)                | (181)         | (113)        | (135)         | (55)        | (5)                              |                           |                          |
| 1,213                | 309           | 318          | 364           | 144         | 127                              | +10.3%                    | +1.7%                    |

## Asia-Pacific

**Revenues** for the region totaled €1,375 million, down 0.6% based on reported figures and down 13.8% on an organic basis, reflecting a decline in revenues from Australian thermal power plants which suffered from lower market prices mainly due to the carbon scheme repeal on July 1, 2014, and from the IPP business in Thailand, due to planned maintenance outages and a lower dispatch level. The decline in revenues from generation activities was partly mitigated by the growth of the Australian retail business.

Electricity sales decreased slightly by 0.5 TWh to 20.6 TWh, with higher volumes in Australia (up 1.2 TWh) more than offset by the 1.7 TWh decrease in Thailand. Natural gas sales rose by 0.6 TWh to 1.8 TWh.

**EBITDA** came in at €432 million, up 0.2% on a reported basis and down 13.5% based on organic figures mainly reflecting the weaker performance from the Australian thermal facilities, which suffered from deteriorated market conditions, and the lower availability of the Thailand facilities due to maintenance outages. This was partly offset by a stronger contribution from the Indonesian thermal assets and the growth of the Australian retail business.

**Current operating income after share in net income of entities accounted for using the equity method** came out at €302 million, decreasing by 19.0% on an organic basis in line with EBITDA trends.

## North America

**Revenues** for the North America region totaled €2,233 million, up 20.6% on a reported basis reflecting the weakening euro against the US dollar, but down 0.3% organically. This organic decrease was due to a combination of higher winter LNG sales and US retail volumes, offset by lower generation prices (price spikes in 2014 related to gas constraints during the extremely cold weather).

Electricity sales increased 4.3 TWh to 34.0 TWh, reflecting higher sales volumes across the generation fleet and US retail business.

Natural gas sales, excluding intra-group transactions, increased by 3.2 TWh to 20.0 TWh following a combination of higher third-party LNG sales and the commissioning of the Mayakan gas pipeline in Mexico in April 2015.

**EBITDA** amounted to €367 million, down 25.7% on an organic basis. This resulted from a combination of a lower overall average margin per LNG cargo, the lower US generation performance noted above (primarily related to the extreme cold weather events in 2014) and favorable one-off items in 2014.

**Current operating income after share in net income of entities accounted for using the equity method** amounted to €204 million, down 38.4% organically as a result of the EBITDA movements noted above.

## United Kingdom & Turkey

**Revenues** for the United Kingdom & Turkey region totaled €1,577 million, up 4.0% on a reported basis, but down 8.0% on an organic basis, following a combination of lower sales volumes in the UK generation activities and lower volumes and prices in UK retail, despite higher volumes in the Turkish retail business.

Electricity sales fell 1.3 TWh to 14.1 TWh, mainly due to lower volumes across the UK thermal assets as a result of weaker market spreads. Gas sales totaled 21.5 TWh, up 2.5 TWh due to higher volumes for the Turkish retail business offset by lower volumes in the UK retail business.

**EBITDA** came in at €172 million, down 20.5% on an organic basis. Weaker performances from the UK generation facilities were due to declining spreads, coupled with the impact of favorable one-off items in 2014 for UK retail and Teesside.

**Current operating income after share in net income of entities accounted for using the equity method** was €121 million, down 23.4% on an organic basis, due primarily to the decrease in EBITDA but mitigated slightly by lower depreciation charges following asset writedowns in December 2014.

## South Asia, Middle East & Africa

**Revenues** for the South Asia, Middle East & Africa region (SAMEA) totaled €397 million, an increase of 32.0% on a reported basis reflecting the weakening euro against the US dollar, and 7.9% on an organic basis. This organic growth is mainly related to the commissioning of Uch II (Pakistan, 375 MW) in April 2014.

Electricity sales amounted to 4.1 TWh, slightly up on the previous year, mainly reflecting the commissioning of Uch II in April 2014 and higher generation volumes of Meenakshi Phase I (India).

**EBITDA** came in at €193 million, representing an increase of 19.3% on an organic basis. This increase stems mainly from the commissioning of Uch II and Tarfaya, the improved performance of Meenakshi Phase I, as well as favorable one-off items in the first half of this year.

**Current operating income after share in net income of entities accounted for using the equity method** amounted to €186 million, up 18.7% on an organic basis. This increase is explained by the same factors that impacted EBITDA.

## 2.2 ENERGY EUROPE

| In millions of euros                                                                                                       | June 30, 2015        |                              |                                 | June 30, 2014        |                              |                                 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|----------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------|---------------------------------|----------------------|------------------------------|---------------------------------|---------------------------------|--------------------------------|
|                                                                                                                            | Total <sup>(1)</sup> | Central<br>Western<br>Europe | Southern &<br>Eastern<br>Europe | Total <sup>(1)</sup> | Central<br>Western<br>Europe | Southern &<br>Eastern<br>Europe |                                 |                                |
| <b>Revenues</b>                                                                                                            | 19,163               | 16,378                       | 2,781                           | 20,131               | 17,506                       | 2,625                           | -4.8%                           | -4.7%                          |
| <b>EBITDA</b>                                                                                                              | 1,124                | 1,149                        | 85                              | 1,437                | 1,269                        | 251                             | -21.8%                          | -19.7%                         |
| Net depreciation and amortization/Other                                                                                    | (515)                | (408)                        | (103)                           | (531)                | (439)                        | (93)                            |                                 |                                |
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER<br/>SHARE IN NET INCOME OF ENTITIES ACCOUNTED<br/>FOR USING THE EQUITY METHOD</b> | 609                  | 741                          | (18)                            | 905                  | 830                          | 158                             | -32.7%                          | -29.9%                         |

(1) Of which business line corporate function costs.

### Volumes sold by the business line

| In TWh            | June 30, 2015 | June 30, 2014 | % change (reported basis) |
|-------------------|---------------|---------------|---------------------------|
| Gas sales         | 368.4         | 313.1         | +17.7%                    |
| Electricity sales | 82.6          | 85.5          | -3.4%                     |

Energy Europe's **revenues** totaled €19,163 million, down 4.8% on a reported basis (down 4.7% on an organic basis). This decrease chiefly reflects the impact of the shutdown of three nuclear power plants in Belgium – Doel 3 and Tihange 2 as from March 26, 2014 and Doel 1 as from February 15, 2015 after 40 years of operation – lower average sales prices, despite the positive impact of climatic conditions on gas sales (the first half of 2015 was somewhat cold while 2014 was particularly warm).

Gas sales amounted to 368 TWh, including 28 TWh to key accounts. Electricity sales amounted to 83 TWh. At June 30, 2015, Energy Europe had almost 13.6 million individual gas customers and almost 5.9 million electricity customers.

The business line's **EBITDA** dropped 21.8% on a reported basis to €1,124 million (down 19.7% on an organic basis). The first half of 2015 was penalized by outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 nuclear power plant, the fall in average sales prices on the electricity market and the unfavorable impact of lower gas prices in Asia on LNG sales. These impacts were partially offset by the effect of favorable temperatures on gas sales in France and the Group's improved gas supply conditions.

**Current operating income after share in net income of entities accounted for using the equity method** also fell, reflecting the decline in EBITDA despite lower depreciation and amortization charges.

### Central Western Europe (CWE)

The contribution of CWE to Group **revenues** amounted to €16,378 million, down 6.4% on a reported basis.

CWE's **EBITDA** declined by 9.4% on a reported basis to €1,149 million mainly due to the impact of outages at the Doel 3, Tihange 2 nuclear power plants and the shutdown of the Doel 1 nuclear power plant and lower average electricity sales prices, partially offset by the Group's improved gas supply conditions and the impact of favorable temperatures in France.

**Current operating income after share in net income of entities accounted for using the equity method** also fell in line with the decline in EBITDA.

### CWE FRANCE

| <i>In millions of euros</i>                                                                                        | June 30, 2015 | June 30, 2014 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| <b>Revenues</b>                                                                                                    | 7,355         | 7,764         | -5.3%                           | -3.8%                          |
| <b>EBITDA</b>                                                                                                      | 605           | 521           | +16.2%                          | +32.3%                         |
| Net depreciation and amortization/Other                                                                            | (169)         | (170)         |                                 |                                |
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | 436           | 351           | +24.2%                          | +43.8%                         |

### Volumes sold in France

| <i>In TWh</i>            | June 30, 2015 | June 30, 2014 | % change (reported basis) |
|--------------------------|---------------|---------------|---------------------------|
| Gas sales <sup>(1)</sup> | 109.9         | 119.2         | -7.8%                     |
| Electricity sales        | 25.8          | 26.4          | -2.3%                     |

(1) Business line contribution data.

### France temperature adjustment

| <i>In TWh</i>                                                                                  | June 30, 2015 | June 30, 2014 | Total change in TWh |
|------------------------------------------------------------------------------------------------|---------------|---------------|---------------------|
| Climate adjustment volumes<br>(negative figure = warm climate, positive figure = cold climate) | 3.0           | (10.8)        | +13.8               |

France's contribution to Group **revenues** amounted to €7,355 million for the six months ended June 30, 2015, down 5.3% on a reported basis (down 3.8% on an organic basis), mainly due to the negative volume and price impact on gas sales despite the positive impact of year-on-year temperature differences and the increase in electricity sales to end customers.

Natural gas sales were down 9.3 TWh, despite fairly cold weather in first-half 2015 adding 3 TWh to sales, and very warm weather in 2014 which reduced sales by 10.8 TWh. The decline in sales was linked to the loss of customers due to competitive pressure and the end of regulated tariffs on the business market (B2B). ENGIE still holds around 79% of the retail market and around 34% of the business market.

Adversely impacted by the transfer of the drawing rights on the Chooz B and Tricastin nuclear reactors to CWE Benelux, electricity sales declined by 0.7 TWh despite higher sales to end customers.

Despite the fall in volumes sold and the impact of the transfer of nuclear activities (a negative €73 million impact) to CWE Benelux, **EBITDA** was up 16.2% on a reported basis to €605 million thanks to the positive temperature impact of €138 million and cost performance efforts.

**Current operating income after share in net income of entities accounted for using the equity method** increased in line with EBITDA.

## CWE BENELUX & GERMANY

| <i>In millions of euros</i>                                                                                        | June 30, 2015 | June 30, 2014 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| <b>Revenues</b>                                                                                                    | 5,031         | 5,362         | -6.2%                           | -7.9%                          |
| <b>EBITDA</b>                                                                                                      | 194           | 455           | -57.4%                          | -63.4%                         |
| Net depreciation and amortization/Other                                                                            | (223)         | (240)         |                                 |                                |
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | (29)          | 215           | NA                              | NA                             |

**Revenues** from the Benelux & Germany region amounted to €5,031 million, a drop of 6.2% (down 7.9% on an organic basis) compared to first-half 2014. Volumes of electricity and gas sales were down due to a decline in sales and outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 nuclear power plant, partially offset by CWE France's transfer of drawing rights on the Chooz B and Tricastin nuclear reactors.

Electricity sales in Belgium and Luxembourg were down 6.3 TWh. This mainly reflects a decrease in market sales. The retail market share in Belgium remained stable at around 48%. Electricity sales increased in the Netherlands and Germany, up 0.7 TWh and 0.3 TWh, respectively.

Natural gas sales fell 5.8 TWh, or 11%, in the Benelux & Germany region due to lower market sales and a decrease in sales to key accounts. Market share has stabilized at around 44% of the retail market in Belgium.

**EBITDA** for the region amounted to €194 million, down 57.4% (down 63.4% on an organic basis), reflecting the unavailability of three nuclear reactors, the fall in average electricity sales prices, and a decline in natural gas volumes sold.

**Current operating income/(loss) after share in net income of entities accounted for using the equity method** declined in line with EBITDA despite a fall in net depreciation and amortization charges.

## Southern & Eastern Europe

| <i>In millions of euros</i>                                                                                        | June 30, 2015 | June 30, 2014 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| <b>Revenues</b>                                                                                                    | 2,781         | 2,625         | +6.0%                           | +5.4%                          |
| <b>EBITDA</b>                                                                                                      | 85            | 251           | -66.0%                          | -64.8%                         |
| Net depreciation and amortization/Other                                                                            | (103)         | (93)          |                                 |                                |
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | (18)          | 158           | NA                              | NA                             |

Southern & Eastern Europe region **revenues** were up 6% (up 5.4% on an organic basis), driven by Poland and Romania in particular.

**EBITDA** for Southern & Eastern Europe fell 66%, or 64.8% on an organic basis, to €85 million impacted by lackluster results in Italy due chiefly to negative price effects.

**Current operating income/(loss) after share in net income of entities accounted for using the equity method** decreased in line with EBITDA.

## 2.3 GLOBAL GAS & LNG

| <i>In millions of euros</i>                                                                                        | June 30, 2015 | June 30, 2014 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| <b>Revenues</b>                                                                                                    | <b>2,160</b>  | <b>3,261</b>  | <b>-33.8%</b>                   | <b>-38.6%</b>                  |
| <b>Total revenues (incl. intra-group transactions)</b>                                                             | <b>3,041</b>  | <b>4,426</b>  | <b>-31.3%</b>                   |                                |
| <b>EBITDA</b>                                                                                                      | <b>781</b>    | <b>1,033</b>  | <b>-24.4%</b>                   | <b>-32.4%</b>                  |
| Net depreciation and amortization/Other                                                                            | (552)         | (406)         |                                 |                                |
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>229</b>    | <b>627</b>    | <b>-63.4%</b>                   | <b>-69.9%</b>                  |

Global Gas & LNG's contribution to Group **revenues** for the six months ended June 30, 2015 amounted to €2,160 million, down 33.8% on a reported basis (down 38.6% on an organic basis) compared to the first six months of 2014.

The decrease in revenues was mainly due to the fall in oil and gas prices on the European and Asian markets and lower LNG activities, largely attributable to the disruption in supplies shipped from Yemen as from April 2015.

The unfavorable price impact on exploration-production activities was offset to a large extent by the 4.0 Mbep increase in total hydrocarbon production (29.0 Mbep in first-half 2015 compared to 25.0 Mbep in first-half 2014) thanks to the commissioning in 2014 of the Juliet field in the United Kingdom (January), the Amstel field in the Netherlands (February) and the Gudrun field in Norway (April).

External LNG sales fell 22 TWh to 35.4 TWh, representing 43 cargoes, for the six months ended June 30, 2015 compared with 57.4 TWh, representing 69 cargoes, for the prior-year period, and were adversely impacted by the fall in LNG sales prices in Europe and Asia.

**EBITDA** for the Global Gas & LNG business line amounted to €781 million for the period, down 24.4% on a reported basis compared to the same prior-year period due to the abovementioned reasons. The organic decrease was 32.4%.

**Current operating income after share in net income of entities accounted for using the equity method** came in at €229 million for the six-month period ended June 30, 2015, down 63.4% based on reported figures and 69.9% on an organic basis. These decreases are more significant than those for EBITDA due to higher depreciation and amortization charges for commissionings in early 2014.

## 2.4 INFRASTRUCTURES

| <i>In millions of euros</i>                                                                                        | June 30, 2015 | June 30, 2014 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| <b>Revenues</b>                                                                                                    | <b>1,627</b>  | <b>1,445</b>  | <b>+12.6%</b>                   | <b>+12.6%</b>                  |
| <b>Total revenues (incl. intra-group transactions)</b>                                                             | <b>3,567</b>  | <b>3,466</b>  | <b>+2.9%</b>                    |                                |
| <b>EBITDA</b>                                                                                                      | <b>1,867</b>  | <b>1,781</b>  | <b>+4.8%</b>                    | <b>+4.8%</b>                   |
| Net depreciation and amortization/Other                                                                            | (654)         | (629)         |                                 |                                |
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>1,212</b>  | <b>1,153</b>  | <b>+5.2%</b>                    | <b>+5.2%</b>                   |

Total **revenues** for the Infrastructures business line, including intra-group transactions, amounted to €3,567 million, up 2.9% on first-half 2014, reflecting:

- a 20.5 TWh<sup>(1)</sup> increase in volumes distributed by GrDF due to colder climatic conditions in the first half of 2015 compared to the prior-year period;
- the annual review in France of distribution infrastructure access tariffs (2.9% increase on July 1, 2014) and of transport infrastructure tariffs (2.5% increase on April 1, 2015 and 3.9% increase on April 1, 2014);

<sup>(1)</sup> A 15.5 TWh decrease due to warmer weather conditions in 2014 and a 5.0 TWh increase due to colder conditions in 2015.

- improved marketing of storage capacity in France linked to the commissioning of new storage caverns in Germany (Peckensen 4 and 5) and the United Kingdom (Stublach);
- despite the decrease in gas purchases and sales at Storengy to maintain technical storage performance (low summer/winter spreads) and the fall in revenues at GRTgaz and Storengy related, in particular, to joint-transport-storage (JTS) and market coupling services (due to a very low North-South GEP spread).

In this climatic and regulatory context, the business line's contribution to Group revenues was €1,627 million, up 12.6% on the first half of 2014 as a result of growth in distribution and transportation activities for third parties in an increasingly deregulated market.

**EBITDA** for the Infrastructures business line amounted to €1,867 million for the period, up 4.8% on the prior-year period thanks to favorable climatic conditions (up 20.5 TWh) and tariff increases, partially offset by a decrease in volumes and revenues from JTS services and performance gas purchases and sales.

**Current operating income after share in net income of entities accounted for using the equity method** for the Infrastructures business line came in at €1,212 million for the period, up 5.2% on the prior-year period, with higher net depreciation and amortization charges resulting from the commissioning of new assets by GrDF and GRTgaz in 2014.

## 2.5 ENERGY SERVICES

| <i>In millions of euros</i>                                                                                        | June 30, 2015 | June 30, 2014 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                                                                                           | 8,008         | 7,587         | +5.6%                           | +1.3%                          |
| EBITDA                                                                                                             | 571           | 535           | +6.8%                           | +0.4%                          |
| Net depreciation and amortization/Other                                                                            | (178)         | (155)         |                                 |                                |
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>392</b>    | <b>380</b>    | <b>+3.4%</b>                    | <b>-3.8%</b>                   |

**Revenues** for the Energy Services business line climbed 5.6% on a reported basis to €8,008 million for the six months ended June 30, 2015, buoyed by the positive impacts of the acquisition in the second half of 2014 of Lend Lease FM in the United Kingdom (€62 million), Ecova in the United States (€81 million), Keppel FM in Singapore (€34 million) and Lahmeyer in Germany (€40 million) as well as positive exchange rate effects in the United Kingdom (€64 million) and Switzerland (€32 million).

Organic revenue growth came in at 1.3%, chiefly reflecting the increase in sales by heating networks and cogeneration plants, following a return to normal climatic conditions in 2015 after mild temperatures in 2014, and the increase in climatic engineering installation activities. However, this revenue growth was partially offset by lower maintenance sales in the North Sea oil and gas industry relating to lower investments due to the fall in crude oil prices.

**EBITDA** for Energy Services rose 6.8% on a reported basis to €571 million, due chiefly to the acquisitions referred to above. Organic growth came out at 0.4%, chiefly reflecting:

- the favorable climatic impact on network activities in France; and
- the growth of services activities in France, Belgium and the United Kingdom.

These items were partially offset by:

- one-off favorable items in the first half of 2014;
- lower North Sea oil and gas activities;
- difficulties encountered in the installation markets in Central Europe.

**Current operating income after share in net income of entities accounted for using the equity method** amounted to €392 million, up 3.4% on a reported basis and down 3.8% on an organic basis, in line with EBITDA trends and exacerbated by higher expenses in relation to share-based payments and higher depreciation and amortization charges following the commissioning of new facilities in heating networks and services in France and the United Kingdom.

## 2.6 OTHER

| <i>In millions of euros</i>                                                                                    | June 30, 2015 | June 30, 2014 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|----------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| EBITDA                                                                                                         | (97)          | (57)          | -69.9%                          | -52.9%                         |
| Net depreciation and amortization/Other                                                                        | (70)          | (47)          |                                 |                                |
| CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF<br>ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD | (167)         | (104)         | -60.9%                          | -49.1%                         |

**EBITDA** for this business line came in at a negative €97 million for the six months ended June 30, 2015, a decrease compared to the first half of 2014, due notably to reversals of provisions recorded by the Group's reinsurance subsidiary in 2014. These impacts were partially offset by the results of the Perform 2015 plan.

**Current operating loss after share in net income of entities accounted for using the equity method** was down 60.9% on a reported basis, in line with EBITDA trends and includes the increase in net expenses relating to share-based payments compared to first-half 2014.

### 3 OTHER INCOME STATEMENT ITEMS

| <i>In millions of euros</i>                                                                                        | <b>June 30, 2015</b> | <b>June 30, 2014</b> | <b>% change<br/>(reported<br/>basis)</b> |
|--------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|------------------------------------------|
| <b>Current operating income/(loss) after share in net income of entities accounted for using the equity method</b> | <b>3,614</b>         | <b>4,174</b>         | <b>-13.4%</b>                            |
| Mark to market on commodity contracts other than trading instruments                                               | 401                  | 420                  |                                          |
| Impairment losses                                                                                                  | (740)                | (28)                 |                                          |
| Restructuring costs                                                                                                | (70)                 | (55)                 |                                          |
| Changes in scope of consolidation                                                                                  | (1)                  | 521                  |                                          |
| Other non-recurring items                                                                                          | 11                   | 46                   |                                          |
| <b>Income/(loss) from operating activities</b>                                                                     | <b>3,214</b>         | <b>5,078</b>         | <b>-36.7%</b>                            |
| Net financial income/(loss)                                                                                        | (889)                | (919)                |                                          |
| Income tax expense                                                                                                 | (990)                | (1,221)              |                                          |
| <b>NET INCOME/(LOSS)</b>                                                                                           | <b>1,336</b>         | <b>2,938</b>         | <b>-54.5%</b>                            |
| o/w net income/(loss) Group share                                                                                  | 1,111                | 2,508                |                                          |
| o/w non-controlling interests                                                                                      | 224                  | 430                  |                                          |

**Income/(loss) from operating activities** amounted to €3,214 million for first-half 2015, compared to €5,078 million for first-half 2014. This decrease results mainly from (i) the decline in current operating income after share in net income of entities accounted for using the equity method; (ii) impairment losses of €740 million recorded over first-half 2015; (iii) and gains on remeasuring the previous interest ("Changes in scope of consolidation") in GTT (after the Group acquired control of the company) totaling €359 million and in the Walloon inter-municipal companies (loss of significant influence) totaling €174 million recorded in first-half 2014.

Impairment losses recognized for first-half 2015 amounted to €740 million, primarily related to the Global Gas & LNG (€315 million) and the Energy International (€398 million) business lines. The impairment losses chiefly concern (i) property, plant and equipment relating to a gas field in the development phase in the North Sea (€228 million); (ii) property, plant and equipment relating to a regasification plant in North America (€194 million – Everett terminal); (iii) a net investment in a project entity accounted for using the equity method (€196 million); and (iv) an exploration license of a gas unit in Qatar (see Note 3.1.2 "Impairment losses").

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

- changes in the fair value of commodity derivatives that had a positive impact of €401 million on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting), compared with a positive impact of €420 million at June 30, 2014. The impact for the period results chiefly from positive overall price effects, combined with the net positive impact of unwinding positions with a negative market value at December 31, 2014;
- restructuring costs of €70 million, compared with €55 million for the same prior-year period.

Improvement of net financial income/(loss) (negative €889 million for first-half 2015 compared with negative €919 million for the same prior-year period), chiefly results from the fall in the average cost of gross debt.

The effective tax rate amounts to 47.9% at June 30, 2015 compared with 31.4% at June 30, 2014. The increase in the effective tax rate chiefly results from the absence of a tax expense on gains recorded in 2014 on remeasuring the previous interest in GTT and in the Walloon inter-municipal companies, and on the non-taxation of most of the impairment losses recorded in 2015. Adjusted for these items, the effective recurring tax rate was 31.7%, down slightly on the 32.0% rate for first-half 2014.

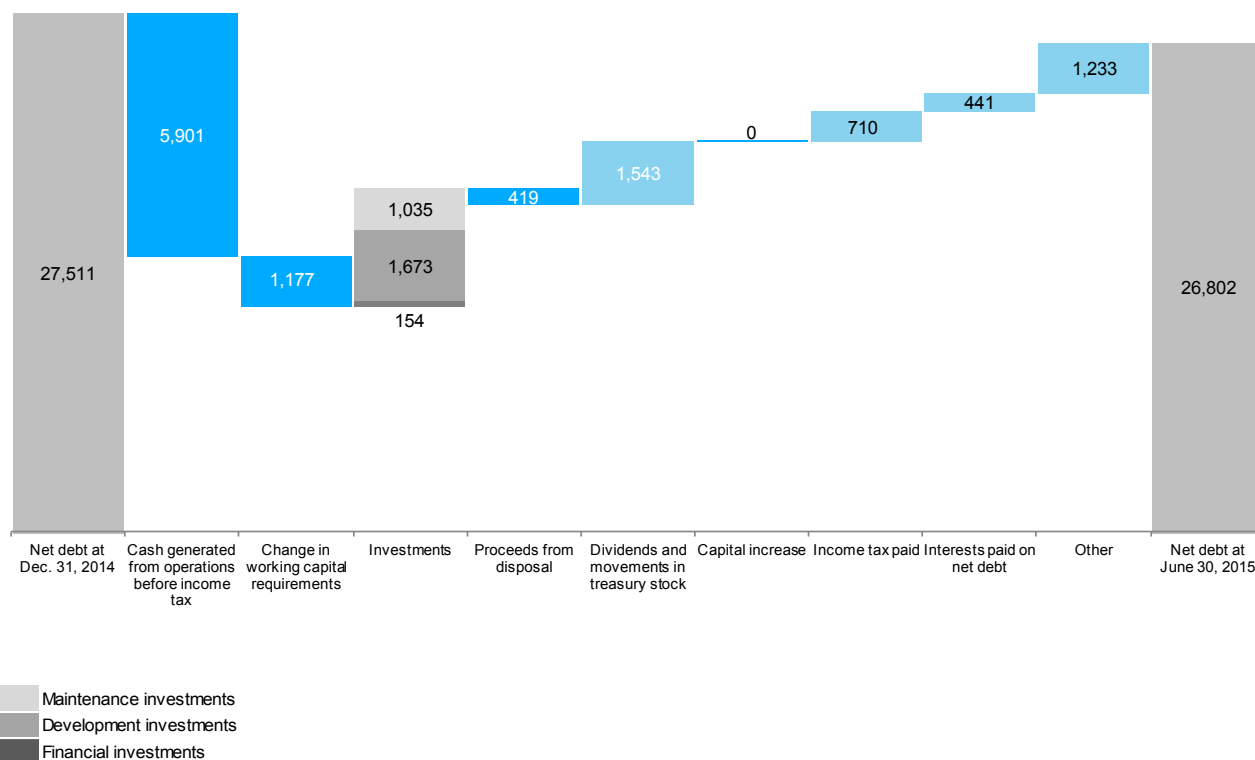
Net income attributable to non-controlling interests amounted to €224 million, down on the first-half 2014 figure, mainly due to the decline in net income from exploration-production activities.

## 4 CHANGES IN NET DEBT

**Net debt** stood at €26.8 billion at June 30, 2015, down €0.7 billion compared with net debt at December 31, 2014, reflecting the following items: (i) cash generated from operations before income tax and working capital requirements for the first half of the year (€5.9 billion) and the change in working capital requirements (€1.2 billion); (ii) this was offset by net investments (including changes in scope of consolidation) carried out by the Group (€2.5 billion), dividends paid to ENGIE SA shareholders (€1.2 billion) and to non-controlling interests (€0.3 billion), the impact of changes in exchange rates related to the depreciation of the euro against major currencies (€0.6 billion), cash outflows related to tax payments (€0.7 billion) and to derivative instruments not included in net debt.

Changes in net debt break down as follows:

*In millions of euros*



The net debt to EBITDA ratio came out at 2.27 at June 30, 2015.

| <i>In millions of euros</i>  | June 30, 2015 | Dec. 31, 2014 |
|------------------------------|---------------|---------------|
| Net debt                     | 26,802        | 27,511        |
| EBITDA (12-month rolling)    | 11,825        | 12,133        |
| <b>Net debt/EBITDA ratio</b> | <b>2.27</b>   | <b>2.27</b>   |

### 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 €5,901 million in first-half 2015, down €282 million compared with the same prior-year period.

The fall was in line with the EBITDA performance.

## 4.2 CHANGE IN WORKING CAPITAL REQUIREMENTS

The change in working capital requirements represents a positive impact of €1.2 billion, notably related to the improvement in the working capital requirements of the trading activities following the fall in commodity prices at the end of 2014.

## 4.3 NET INVESTMENTS

Gross investments during the period amounted to €2,862 million and included:

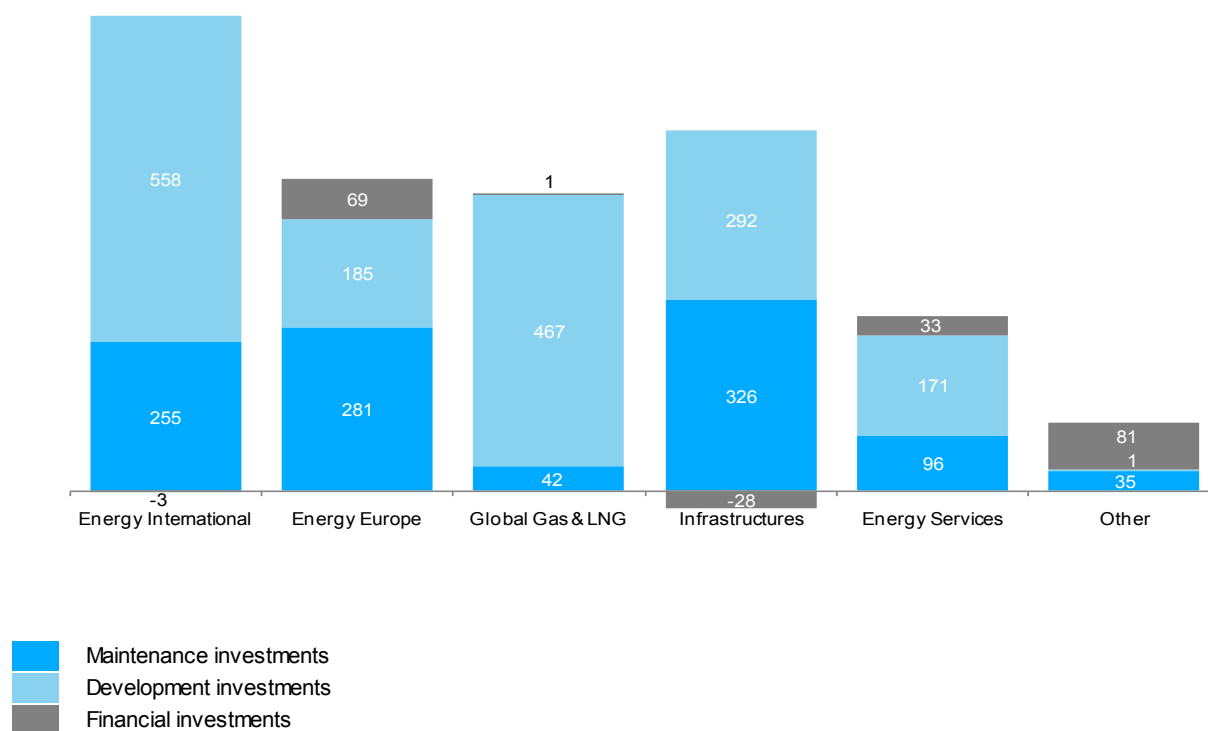
- financial investments for €154 million, relating chiefly to Synatom investments which rose by €135 million; the subscription to the capital increase in Nugen (€63 million); payments for the capital increases subscribed in Jirau (€54 million); as well as the reimbursement of loans relating to the Los Ramones pipeline (Mexico) and the Marafiq power plant and desalination units (Saudi Arabia) construction projects for a negative €144 million impact;
- development investments totaling €1,673 million. Most of this amount was invested in the Energy International business line (€558 million) in connection with the construction of facilities in Peru, Chile and Brazil; in the Global Gas & LNG business line (€467 million) to develop gas fields in the United Kingdom, Indonesia, the Netherlands, Algeria and Norway; and in the Infrastructures business line (€292 million);
- maintenance investments for an amount of €1,035 million.

Disposals represented a cash amount of €419 million and related to interests disposals in exploration-production licenses in Indonesia and Norway for €233 million, and to real-estate disposals for €102 million.

Including changes in the scope of consolidation resulting from these acquisitions and disposals, net investments represent €2,488 million.

Capital expenditure breaks down as follows by business line:

*In millions of euros*



## 4.4 DIVIDENDS AND MOVEMENTS IN TREASURY STOCK

Dividends and movements in treasury stock during the period amounted to €1,543 million and included:

- €1,196 million in dividends paid by ENGIE SA to its shareholders, consisting of the outstanding balance on the 2014 dividend (€0.50 per share) paid in May 2015;
- dividends paid by various subsidiaries to non-controlling interests in an amount of €323 million, payment of interest on hybrid debt, withholding tax, 3% French tax on distributed dividends and movements in treasury stock.

## 4.5 NET DEBT AT JUNE 30, 2015

Excluding amortized cost but including the impact of foreign currency derivatives, at June 30, 2015, a total of 66% of net debt was denominated in euros, 18% in US dollars and 5% in pounds sterling.

Including the impact of financial instruments, 83% of net debt is at fixed rates.

The average maturity of the Group's net debt is 9.8 years.

At June 30, 2015, the Group had total confirmed undrawn credit lines of €13.6 billion.

## 5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

| <i>In millions of euros</i>                                            | <b>June 30, 2015</b> | <b>Dec. 31, 2014</b> | <b>Net change</b> |
|------------------------------------------------------------------------|----------------------|----------------------|-------------------|
| <b>Non-current assets</b>                                              | <b>112,228</b>       | <b>109,998</b>       | <b>2,230</b>      |
| of which goodwill                                                      | 21,554               | 21,222               | 332               |
| of which property, plant and equipment and intangible assets, net      | 72,501               | 71,601               | 900               |
| of which investments in entities accounted for using the equity method | 7,238                | 7,055                | 183               |
| <b>Current assets</b>                                                  | <b>48,905</b>        | <b>55,306</b>        | <b>(6,401)</b>    |
| <b>Total equity</b>                                                    | <b>57,104</b>        | <b>55,981</b>        | <b>1,124</b>      |
| Provisions                                                             | 18,204               | 18,539               | (336)             |
| Borrowings                                                             | 38,904               | 38,321               | 582               |
| Other liabilities                                                      | 46,921               | 52,463               | (5,542)           |

The carrying amount of **property, plant and equipment and intangible assets** was €72.5 billion, up €0.9 billion on December 31, 2014. This increase was primarily the result of investments carried out over the period (positive €2.8 billion impact) and translation adjustments (positive €1.3 billion impact), partially offset by depreciation and amortization (negative €2.4 billion impact) and impairment losses (negative €0.5 billion impact).

**Goodwill** increased by €0.3 billion to €21.6 billion, mainly as a result of translation adjustments (positive €0.3 billion impact).

**Total equity** amounted to €57.1 billion, up €1.1 billion on December 31, 2014. This increase chiefly reflects net income for the period (positive €1.3 billion impact), other items of comprehensive income (positive €1.4 billion impact), and the payment of cash dividends (negative €1.5 billion impact).

Regarding other items of comprehensive income, translation adjustments represented a positive impact of €1.3 billion, and actuarial gains and losses and net investment and cash flow hedges net of tax a positive €0.1 billion impact.

## 6 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 25 to the consolidated financial statements included in the 2014 Registration Document and have not significantly changed in 2015.

## 7 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2015

The "Risk factors" section of the 2014 Registration Document (Section 2) provides a detailed description of the risk factors to which the Group is exposed.

Developments in risks related to financial instruments and legal proceedings over the period to which the Group is exposed are respectively set out in Note 6 and Note 7 to the interim condensed consolidated financial statements at June 30, 2015.

The risks and uncertainties relating to the carrying amounts of goodwill, property, plant and equipment and intangible assets are presented in Note 3.1.2 to the interim condensed consolidated financial statements at June 30, 2015 and in Note 8.2 to the consolidated financial statements at December 31, 2014.

The Group has not identified any risks or uncertainties other than those described above and in Section 8 "Outlook".

## 8 OUTLOOK

The Group confirms its annual targets<sup>(1)</sup> for 2015:

- a **Net Recurring Income Group share**<sup>(2)</sup> between €2.85 and 3.15 billion, at average weather and assuming no significant regulatory changes. This target is based on estimated EBITDA and COI<sup>(1)</sup> respectively between €11.55 and 12.15 billion and €6.65 and 7.25 billion;
- a **net debt/EBITDA ratio** less than or equal to 2.5x and an "A" category rating;
- a 2015 dividend with a **65-75% payout**<sup>(3)</sup>, with a minimum of 1 euro per share, payable in cash. The Board of Directors has decided the payment of an interim dividend of €0.50 per share for fiscal year 2015, which will be paid on October 15<sup>th</sup>, 2015.

(1) Targets assume average weather conditions in France, full pass through of supply costs in French regulated gas tariffs, restart of Doel 3 and Tihange 2 as of November 1<sup>st</sup>, 2015, no significant regulatory and macro-economic changes, commodity price assumptions based on market conditions as of December 31<sup>st</sup>, 2014 for the non-hedged part of the production, and average foreign exchange rates as follows for 2015: €/€: 1.22; €/BRL: 3.23.

(2) Net income excluding restructuring costs, MtM, impairments, disposals, other non-recurring items and associated tax impacts and nuclear contribution in Belgium.

(3) Based on Net Recurring Income Group share.

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# 02 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## INCOME STATEMENT

| <i>In millions of euros</i>                                                                                 | Notes      | June 30, 2015 | June 30, 2014 <sup>(1,2)</sup> |
|-------------------------------------------------------------------------------------------------------------|------------|---------------|--------------------------------|
| Revenues                                                                                                    | 2.2        | 38,520        | 39,284                         |
| Purchases                                                                                                   |            | (22,852)      | (24,120)                       |
| Personnel costs                                                                                             |            | (5,172)       | (4,812)                        |
| Depreciation, amortization and provisions                                                                   |            | (2,431)       | (2,080)                        |
| Other operating expenses                                                                                    |            | (5,442)       | (5,194)                        |
| Other operating income                                                                                      |            | 733           | 830                            |
| <b>CURRENT OPERATING INCOME</b>                                                                             |            | <b>3,356</b>  | <b>3,909</b>                   |
| Share in net income of entities accounted for using the equity method                                       | 2.2        | 258           | 265                            |
| <b>CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>2.2</b> | <b>3,614</b>  | <b>4,174</b>                   |
| Mark-to-market on commodity contracts other than trading instruments                                        |            | 401           | 420                            |
| Impairment losses                                                                                           |            | (740)         | (28)                           |
| Restructuring costs                                                                                         |            | (70)          | (55)                           |
| Changes in scope of consolidation                                                                           |            | (1)           | 521                            |
| Other non-recurring items                                                                                   |            | 11            | 46                             |
| <b>INCOME/(LOSS) FROM OPERATING ACTIVITIES</b>                                                              | <b>3.1</b> | <b>3,214</b>  | <b>5,078</b>                   |
| Financial expenses                                                                                          |            | (1,371)       | (1,419)                        |
| Financial income                                                                                            |            | 483           | 500                            |
| <b>NET FINANCIAL INCOME/(LOSS)</b>                                                                          | <b>3.2</b> | <b>(889)</b>  | <b>(919)</b>                   |
| Income tax expense                                                                                          | 3.3        | (990)         | (1,221)                        |
| <b>NET INCOME/(LOSS)</b>                                                                                    |            | <b>1,336</b>  | <b>2,938</b>                   |
| Net income/(loss) Group share                                                                               |            | 1,111         | 2,508                          |
| Non-controlling interests                                                                                   |            | 224           | 430                            |
| <b>BASIC EARNINGS PER SHARE (EUROS)</b>                                                                     |            | <b>0.43</b>   | <b>1.06</b>                    |
| <b>DILUTED EARNINGS PER SHARE (EUROS)</b>                                                                   |            | <b>0.43</b>   | <b>1.05</b>                    |

(1) Comparative data for the first half of 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.3).

(2) Comparative data for the first half of 2014 also include the impacts of the accounting for using the equity method of the Tirreno Power joint venture following the finalization of the IFRS 11 analysis relating to this entity during the second half of 2014. Tirreno Power was accounted for as a joint operation in the interim condensed consolidated financial statements for the six months ended June 30, 2014.

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

## STATEMENT OF COMPREHENSIVE INCOME

| <i>In millions of euros</i>                                                                                                 | Notes | June 30, 2015 | June 30, 2015<br>Owners of the<br>parent | June 30, 2015<br>Non-controlling<br>interests | June 30, 2014 <sup>(1,2)</sup> | June 30, 2014<br>Owners of the<br>parent <sup>(1,2)</sup> | June 30, 2014<br>Non-controlling<br>interests <sup>(1,2)</sup> |
|-----------------------------------------------------------------------------------------------------------------------------|-------|---------------|------------------------------------------|-----------------------------------------------|--------------------------------|-----------------------------------------------------------|----------------------------------------------------------------|
| <b>NET INCOME/(LOSS)</b>                                                                                                    |       | <b>1,336</b>  | <b>1,111</b>                             | <b>224</b>                                    | <b>2,938</b>                   | <b>2,508</b>                                              | <b>430</b>                                                     |
| Available-for-sale financial assets                                                                                         | 5.1   | 5             | 5                                        | -                                             | 12                             | 12                                                        | -                                                              |
| Net investment hedges                                                                                                       |       | (408)         | (408)                                    | -                                             | (150)                          | (150)                                                     | -                                                              |
| Cash flow hedges (excl. commodity instruments)                                                                              |       | 317           | 311                                      | 7                                             | (474)                          | (464)                                                     | (10)                                                           |
| Commodity cash flow hedges                                                                                                  |       | (4)           | -                                        | (4)                                           | 336                            | 289                                                       | 47                                                             |
| Deferred tax on items above                                                                                                 |       | (42)          | (44)                                     | 2                                             | (14)                           | 6                                                         | (20)                                                           |
| Share of entities accounted for using the equity method in recyclable items, net of tax                                     |       | (43)          | (42)                                     | -                                             | (9)                            | (9)                                                       | -                                                              |
| Translation adjustments                                                                                                     |       | 1,348         | 1,163                                    | 185                                           | 553                            | 446                                                       | 107                                                            |
| <b>TOTAL RECYCLABLE ITEMS</b>                                                                                               |       | <b>1,174</b>  | <b>984</b>                               | <b>190</b>                                    | <b>254</b>                     | <b>130</b>                                                | <b>123</b>                                                     |
| Actuarial gains and losses                                                                                                  |       | 405           | 399                                      | 6                                             | (641)                          | (600)                                                     | (41)                                                           |
| Deferred tax on actuarial gains and losses                                                                                  |       | (126)         | (122)                                    | (4)                                           | 209                            | 196                                                       | 13                                                             |
| Share of entities accounted for using the equity method in non-recyclable items from actuarial gains and losses, net of tax |       | (53)          | (53)                                     | -                                             | 26                             | 26                                                        | -                                                              |
| <b>TOTAL NON-RECYCLABLE ITEMS</b>                                                                                           |       | <b>227</b>    | <b>225</b>                               | <b>2</b>                                      | <b>(405)</b>                   | <b>(377)</b>                                              | <b>(28)</b>                                                    |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>                                                                                    |       | <b>2,737</b>  | <b>2,321</b>                             | <b>416</b>                                    | <b>2,786</b>                   | <b>2,260</b>                                              | <b>525</b>                                                     |

(1) Comparative data for the first half of 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.3).

(2) Comparative data for the first half of 2014 also include the impacts of the accounting for using the equity method of the Tirreno Power joint venture following the finalization of the IFRS 11 analysis relating to this entity during the second half of 2014. Tirreno Power was accounted for as a joint operation in the interim condensed consolidated financial statements for the six months ended June 30, 2014.

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 | June 30, 2015  | Dec. 31, 2014 <sup>(1)</sup> |
|---------------------------------------------------------------|-------|----------------|------------------------------|
| <b>Non-current assets</b>                                     |       |                |                              |
| Intangible assets, net                                        | 4     | 7,538          | 7,569                        |
| Goodwill                                                      | 4     | 21,554         | 21,222                       |
| Property, plant and equipment, net                            | 4     | 64,963         | 64,032                       |
| Available-for-sale securities                                 | 5.1   | 3,093          | 2,893                        |
| Loans and receivables at amortized cost                       | 5.1   | 2,894          | 2,960                        |
| Derivative instruments                                        | 5.1   | 3,448          | 2,733                        |
| Investments in entities accounted for using the equity method |       | 7,238          | 7,055                        |
| Other assets                                                  |       | 547            | 557                          |
| Deferred tax assets                                           |       | 953            | 978                          |
| <b>TOTAL NON-CURRENT ASSETS</b>                               |       | <b>112,228</b> | <b>109,998</b>               |
| <b>Current assets</b>                                         |       |                |                              |
| Loans and receivables at amortized cost                       | 5.1   | 777            | 925                          |
| Derivative instruments                                        | 5.1   | 5,349          | 7,886                        |
| Trade and other receivables, net                              | 5.1   | 19,257         | 21,558                       |
| Inventories                                                   |       | 3,755          | 4,891                        |
| Other assets                                                  |       | 8,647          | 10,049                       |
| Financial assets at fair value through income                 | 5.1   | 1,137          | 1,450                        |
| Cash and cash equivalents                                     | 5.1   | 9,982          | 8,546                        |
| <b>TOTAL CURRENT ASSETS</b>                                   |       | <b>48,905</b>  | <b>55,306</b>                |
| <b>TOTAL ASSETS</b>                                           |       | <b>161,133</b> | <b>165,304</b>               |

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.3).

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

**LIABILITIES**

| <i>In millions of euros</i>          | <b>Notes</b> | <b>June 30, 2015</b> | <b>Dec. 31, 2014<sup>(1)</sup></b> |
|--------------------------------------|--------------|----------------------|------------------------------------|
| Shareholders' equity                 |              | 50,560               | 49,548                             |
| Non-controlling interests            |              | 6,544                | 6,433                              |
| <b>TOTAL EQUITY</b>                  |              | <b>57,104</b>        | <b>55,981</b>                      |
| <b>Non-current liabilities</b>       |              |                      |                                    |
| Provisions                           |              | 16,312               | 16,402                             |
| Long-term borrowings                 | 5.2          | 27,791               | 28,024                             |
| Derivative instruments               | 5.2          | 3,137                | 3,020                              |
| Other financial liabilities          | 5.2          | 235                  | 286                                |
| Other liabilities                    |              | 1,145                | 1,078                              |
| Deferred tax liabilities             |              | 9,461                | 9,049                              |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |              | <b>58,081</b>        | <b>57,859</b>                      |
| <b>Current liabilities</b>           |              |                      |                                    |
| Provisions                           |              | 1,892                | 2,137                              |
| Short-term borrowings                | 5.2          | 11,113               | 10,297                             |
| Derivative instruments               | 5.2          | 3,803                | 5,895                              |
| Trade and other payables             | 5.2          | 15,407               | 18,799                             |
| Other liabilities                    |              | 13,734               | 14,337                             |
| <b>TOTAL CURRENT LIABILITIES</b>     |              | <b>45,947</b>        | <b>51,465</b>                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |              | <b>161,133</b>       | <b>165,304</b>                     |

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.3).

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

# 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 | Deeply-<br>subordinated<br>perpetual<br>notes | Changes<br>in fair<br>value<br>and other | Translation<br>adjustments | Treasury<br>stock | Shareholders'<br>equity | Non-<br>controlling<br>interests | Total   |
|--------------------------------------------------------------------|---------------------|------------------|----------------------------------|--------------------------|-----------------------------------------------|------------------------------------------|----------------------------|-------------------|-------------------------|----------------------------------|---------|
| <b>EQUITY AT DECEMBER 31, 2013</b>                                 | 2,412,824,089       | 2,413            | 32,207                           | 14,005                   | 1,657                                         | 152                                      | (1,353)                    | (1,109)           | 47,971                  | 5,689                            | 53,659  |
| IFRIC 21 impact (see Note 1.3)                                     |                     |                  |                                  | 26                       |                                               |                                          |                            |                   | 26                      | 1                                | 27      |
| <b>EQUITY AT JANUARY 1, 2014<sup>(1)</sup></b>                     | 2,412,824,089       | 2,413            | 32,207                           | 14,031                   | 1,657                                         | 152                                      | (1,353)                    | (1,109)           | 47,997                  | 5,690                            | 53,686  |
| Net income/(loss) <sup>(1,2)</sup>                                 |                     |                  |                                  | 2,508                    |                                               |                                          |                            |                   | 2,508                   | 430                              | 2,938   |
| Other comprehensive income/(loss) <sup>(1,2)</sup>                 |                     |                  |                                  | (377)                    |                                               | (316)                                    | 445                        |                   | (247)                   | 95                               | (152)   |
| <b>TOTAL COMPREHENSIVE<br/>INCOME/(LOSS)<sup>(1,2)</sup></b>       |                     |                  |                                  | 2,130                    | -                                             | (316)                                    | 445                        | -                 | 2,260                   | 525                              | 2,786   |
| Employee share issues and share-<br>based payment                  |                     |                  |                                  | (15)                     |                                               |                                          |                            |                   | (15)                    | -                                | (15)    |
| Dividends paid in cash                                             |                     |                  |                                  | (1,583)                  |                                               |                                          |                            |                   | (1,583)                 | (513)                            | (2,096) |
| Acquisitions/disposals of treasury stock                           |                     |                  |                                  | (18)                     |                                               |                                          |                            | 154               | 137                     | -                                | 137     |
| Issuance of deeply-subordinated<br>perpetual notes                 |                     |                  |                                  |                          | 1,974                                         |                                          |                            |                   | 1,974                   | -                                | 1,974   |
| Coupons of deeply-subordinated<br>perpetual notes                  |                     |                  |                                  |                          | (8)                                           |                                          |                            |                   | (8)                     | -                                | (8)     |
| Transactions between owners                                        |                     |                  |                                  | (4)                      |                                               |                                          |                            |                   | (4)                     | (3)                              | (7)     |
| Acquisition of control over Gaztransport<br>& Technigaz (GTT)      |                     |                  |                                  |                          |                                               |                                          |                            |                   | -                       | 475                              | 475     |
| Share capital increases subscribed by<br>non-controlling interests |                     |                  |                                  |                          |                                               |                                          |                            |                   | -                       | 37                               | 37      |
| Other changes                                                      |                     |                  |                                  | 5                        |                                               |                                          |                            |                   | 5                       | 13                               | 19      |
| <b>EQUITY AT JUNE 30, 2014<sup>(1,2)</sup></b>                     | 2,412,824,089       | 2,413            | 32,207                           | 14,547                   | 3,623                                         | (163)                                    | (908)                      | (955)             | 50,763                  | 6,224                            | 56,987  |

(1) Comparative data at January 1, 2014 and at June 30, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.3).

(2) Comparative data at June 30, 2014 also include the impacts of the accounting for using the equity method of the Tirreno Power joint venture following the finalization of the IFRS 11 analysis relating to this entity during the second half of 2014. Tirreno Power was accounted for as a joint operation in the interim condensed consolidated financial statements for the six months ended June 30, 2014.

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.

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN EQUITY

| <i>In millions of euros</i>                                     | Number of shares     | Share capital | Additional paid-in capital | Consolidated reserves | Deeply-subordinated perpetual notes | Changes in fair value and other | Translation adjustments | Treasury stock | Shareholders' equity | Non-controlling interests | Total         |
|-----------------------------------------------------------------|----------------------|---------------|----------------------------|-----------------------|-------------------------------------|---------------------------------|-------------------------|----------------|----------------------|---------------------------|---------------|
| <b>EQUITY AT DECEMBER 31, 2014</b>                              | <b>2,435,285,011</b> | <b>2,435</b>  | <b>32,506</b>              | <b>12,414</b>         | <b>3,564</b>                        | <b>(627)</b>                    | <b>193</b>              | <b>(957)</b>   | <b>49,527</b>        | <b>6,432</b>              | <b>55,959</b> |
| IFRIC 21 impact (see Note 1.3)                                  |                      |               |                            | 22                    |                                     |                                 | (1)                     |                | 21                   | 1                         | 22            |
| <b>EQUITY AT DECEMBER 31, 2014<sup>(1)</sup></b>                | <b>2,435,285,011</b> | <b>2,435</b>  | <b>32,506</b>              | <b>12,436</b>         | <b>3,564</b>                        | <b>(627)</b>                    | <b>191</b>              | <b>(957)</b>   | <b>49,548</b>        | <b>6,433</b>              | <b>55,981</b> |
| Net income/(loss)                                               |                      |               |                            | 1,111                 |                                     |                                 |                         |                | 1,111                | 224                       | 1,336         |
| Other comprehensive income/(loss)                               |                      |               |                            | 225                   |                                     | (179)                           | 1,163                   |                | 1,209                | 192                       | 1,401         |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>                        |                      |               |                            | <b>1,337</b>          | <b>-</b>                            | <b>(179)</b>                    | <b>1,163</b>            | <b>-</b>       | <b>2,321</b>         | <b>416</b>                | <b>2,737</b>  |
| Employee share issues and share-based payment                   |                      |               |                            | 26                    |                                     |                                 |                         |                | 26                   | -                         | 26            |
| Dividends paid in cash <sup>(2)</sup>                           |                      |               |                            | (1,196)               |                                     |                                 |                         |                | (1,196)              | (323)                     | (1,518)       |
| Acquisitions/disposals of treasury stock                        |                      |               |                            | (47)                  |                                     |                                 |                         | 48             | 1                    | -                         | 1             |
| Coupons of deeply-subordinated perpetual notes                  |                      |               |                            |                       | (87)                                |                                 |                         |                | (87)                 | -                         | (87)          |
| Transactions between owners                                     |                      |               |                            | (55)                  |                                     |                                 |                         |                | (55)                 | 9                         | (46)          |
| Share capital increases subscribed by non-controlling interests |                      |               |                            |                       |                                     |                                 |                         |                | -                    | 10                        | 10            |
| Other changes                                                   |                      |               |                            | 1                     |                                     |                                 |                         |                | 1                    | -                         | 3             |
| <b>EQUITY AT JUNE 30, 2015</b>                                  | <b>2,435,285,011</b> | <b>2,435</b>  | <b>32,506</b>              | <b>12,503</b>         | <b>3,477</b>                        | <b>(807)</b>                    | <b>1,355</b>            | <b>(909)</b>   | <b>50,560</b>        | <b>6,544</b>              | <b>57,104</b> |

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.3).

(2) On April 28, 2015, the Shareholders' Meeting resolved that a €1 dividend per share would be paid for 2014. An interim dividend of €0.50 per share was paid in cash on October 15, 2014 (total of €1,184 million) and the balance of €0.50 per share (total of €1,196 million) was paid on May 5, 2015.

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

## STATEMENT OF CASH FLOWS

| <i>In millions of euros</i>                                                                                                              | Notes | June 30, 2015  | June 30, 2014 <sup>(1,2)</sup> |
|------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------|--------------------------------|
| <b>NET INCOME/(LOSS)</b>                                                                                                                 |       | <b>1,336</b>   | <b>2,938</b>                   |
| - Share in net income of entities accounted for using the equity method                                                                  |       | (258)          | (265)                          |
| + Dividends received from entities accounted for using the equity method                                                                 |       | 287            | 320                            |
| - Net depreciation, amortization, impairment and provisions                                                                              |       | 3,037          | 2,056                          |
| - Impact of changes in scope of consolidation and other non-recurring items                                                              |       | (7)            | (571)                          |
| - Mark-to-market on commodity contracts other than trading instruments                                                                   |       | (401)          | (420)                          |
| - Other items with no cash impact                                                                                                        |       | 28             | (15)                           |
| - Income tax expense                                                                                                                     |       | 990            | 1,221                          |
| - Net financial expense                                                                                                                  |       | 889            | 919                            |
| <b>Cash generated from operations before income tax and working capital requirements</b>                                                 |       | <b>5,901</b>   | <b>6,183</b>                   |
| + Tax paid                                                                                                                               |       | (710)          | (666)                          |
| <b>Change in working capital requirements</b>                                                                                            |       | <b>1,177</b>   | <b>601</b>                     |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                                                                               |       | <b>6,367</b>   | <b>6,117</b>                   |
| Acquisitions of property, plant and equipment and intangible assets                                                                      | 2.4.3 | (2,707)        | (2,474)                        |
| Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired                                             | 2.4.3 | (22)           | (211)                          |
| Acquisitions of investments in entities accounted for using the equity method and joint operations                                       | 2.4.3 | (166)          | (187)                          |
| Acquisitions of available-for-sale securities                                                                                            | 2.4.3 | (165)          | (172)                          |
| Disposals of property, plant and equipment, and intangible assets                                                                        |       | 390            | 151                            |
| Loss of controlling interests in entities, net of cash and cash equivalents sold                                                         |       | (29)           | 12                             |
| Disposals of investments in entities accounted for using the equity method and joint operations                                          |       | 45             | 668                            |
| Disposals of available-for-sale securities                                                                                               |       | 13             | 134                            |
| Interests received on non-current financial assets                                                                                       |       | 64             | 45                             |
| Dividends received on non-current financial assets                                                                                       |       | 51             | 43                             |
| Change in loans and receivables originated by the Group and other                                                                        | 2.4.3 | 206            | 55                             |
| <b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>                                                                                     |       | <b>(2,321)</b> | <b>(1,936)</b>                 |
| Dividends paid <sup>(3)</sup>                                                                                                            |       | (1,544)        | (2,023)                        |
| Repayment of borrowings and debt                                                                                                         |       | (3,730)        | (3,753)                        |
| Change in financial assets at fair value through income                                                                                  |       | 321            | (132)                          |
| Interests paid                                                                                                                           |       | (500)          | (643)                          |
| Interests received on cash and cash equivalents                                                                                          |       | 62             | 50                             |
| Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings |       | (756)          | (367)                          |
| Increase in borrowings                                                                                                                   |       | 3,481          | 3,157                          |
| Increase/decrease in capital                                                                                                             |       | 11             | 40                             |
| Hybrid issue of perpetual subordinated notes                                                                                             |       | -              | 1,974                          |
| Purchase and/or sale of treasury stock                                                                                                   |       | 1              | 137                            |
| Changes in ownership interests in controlled entities                                                                                    | 2.4.3 | (9)            | (24)                           |
| <b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>                                                                                     |       | <b>(2,662)</b> | <b>(1,585)</b>                 |
| Effects of changes in exchange rates and other                                                                                           |       | 53             | 80                             |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>                                                                                                    |       | <b>1,436</b>   | <b>2,676</b>                   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                                                                                  |       | <b>8,546</b>   | <b>8,706</b>                   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                                                                        |       | <b>9,982</b>   | <b>11,382</b>                  |

(1) Comparative data for the first half of 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.3).

(2) Comparative data for the first half of 2014 also include the impacts of the accounting for using the equity method of the Tirreno Power joint venture following the finalization of the IFRS 11 analysis relating to this entity during the second half of 2014. Tirreno Power was accounted for as a joint operation in the interim condensed consolidated financial statements for the six months ended June 30, 2014.

(3) The line "Dividends paid" includes the coupons paid to the owners of the deeply-subordinated perpetual notes for an amount of €87 million for the six months ended June 30, 2015 (€8 million for the six months ended June 30, 2014).

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.

# 03 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## INFORMATION ON THE ENGIE GROUP

Since April 24, 2015, the corporate name of the GDF SUEZ Group is ENGIE. On July 29, 2015, the Extraordinary Shareholders' Meeting approved the name change of GDF SUEZ SA to ENGIE SA.

ENGIE SA, the parent company of the Group, is a French *Société Anonyme* with a Board of Directors and is subject to the provisions of Book II of the French Commercial Code (*Code de Commerce*), as well as to all other provisions of French law applicable to French commercial companies. It 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 by its bylaws.

The Group is headquartered at 1, place Samuel de Champlain, 92400 Courbevoie (France).

ENGIE shares are listed on the Paris, Brussels and Luxembourg Stock Exchanges.

On July 29, 2015, the Group's Board of Directors approved and authorized for issue the interim condensed consolidated financial statements of the Group and its subsidiaries for the six months ended June 30, 2015.

## NOTE 1 ACCOUNTING STANDARDS AND METHODS

### 1.1 Accounting standards

In accordance with the European Regulation on international accounting standards dated July 19, 2002, the Group's annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and endorsed by the European Union<sup>(1)</sup>. The Group's interim condensed consolidated financial statements for the six months ended June 30, 2015 were prepared in accordance with the provisions of IAS 34 – *Interim Financial Reporting*, which allows entities to present selected explanatory notes. The interim condensed consolidated financial statements for the six months ended June 30, 2015 do not therefore incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements, and accordingly must be read in conjunction with the consolidated financial statements for the year ended December 31, 2014, subject to specific provisions relating to the preparation of interim condensed consolidated financial statements as described hereafter (see 1.4).

The accounting principles used to prepare the Group's interim condensed consolidated financial statements are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2014, apart from the following developments of IFRS in 1.1.1.

#### 1.1.1 IFRS standards, interpretations or amendments applicable in 2015

- Annual improvements to IFRSs 2011-2013 cycle.  
These amendments have no material impact on the Group's consolidated financial statements.
- IFRIC 21 – *Levies*.  
The modifications introduced by this new interpretation and its impacts for the Group are detailed in 1.3.

#### 1.1.2 IFRS standards, interpretations or amendments applicable after 2015 that the Group has elected not to early adopt

- IFRS 9 – *Financial Instruments*<sup>(2)</sup>.
- IFRS 15 – *Revenue from contracts with customers*<sup>(2)</sup>.
- Amendments to IFRS 11 – *Joint arrangements: Accounting for acquisitions of interests in Joint Operations*<sup>(2)</sup>.

(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)

(2) These standards and amendments have not yet been endorsed by the European Union.

- Amendments to IAS 16 – *Property, plant and equipment* and IAS 38 – *Intangible assets: Clarification of acceptable methods of depreciation and amortization*<sup>(2)</sup>.
- Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture*<sup>(2)</sup>.
- Amendments to IAS 1 – *Disclosure Initiative*<sup>(2)</sup>.
- Amendments to IAS 19 – *Employee benefits: Defined benefit plans: employee contributions*.
- Annual improvements to IFRSs 2010-2012 cycle.
- Annual improvements to IFRSs 2012-2014 cycle<sup>(2)</sup>.

The potential impact of these standards and amendments is currently being assessed.

## 1.2 Use of estimates and judgment

The developments of the economic and financial environment prompted the Group to step up its risks oversight procedures and to include an assessment of these risks in measuring financial instruments and performing impairment tests. The Group's estimates used in business plans and determination of discount rates used in impairment tests and for calculating provisions take into account the environment and the important market volatility.

### 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 to the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes can differ from those estimates.

The key estimates used in preparing the Group's consolidated financial statements relate mainly to:

- measurement at fair value of assets acquired and liabilities assumed in a business combination;
- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets;
- measurement of provisions, particularly for back-end nuclear fuel cycle, dismantling obligations, disputes, pensions and other employee benefits;
- financial instruments;
- measurement of un-metered revenues;
- measurement of recognized tax loss carry-forwards.

Detailed information related to the use of estimates is provided in Note 1 to the consolidated financial statements for the year ended December 31, 2014.

### Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting treatment for certain activities and transactions, especially when the effective IFRS standards and interpretations do not specifically deal with the related accounting issues.

In particular, the Group exercised its judgment in assessing the type of control, as well as in determining 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 "own use contracts" as defined by IAS 39 within non-financial purchase and sales contracts (electricity, gas, etc.).

In accordance with IAS 1, the Group's current and non-current assets and liabilities are presented separately in the consolidated statement of financial position. In view of most of the Group's activities, it has been considered that the criterion to be retained for

the breakdown into current and non-current items is the term in which assets are expected to be realized, or liabilities extinguished: current if the term is shorter than 12 months and non-current if the term exceeds 12 months.

### 1.3 Accounting methods

The accounting methods used to prepare the Group's interim condensed consolidated financial statements for the six months ended June 30, 2015 are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2014 apart from the first application of IFRIC 21.

IFRIC 21 – *Levies* is effective as from January 1, 2015 with a retrospective effect as at January 1, 2014.

IFRIC 21 aims to clarify when to recognize a liability for taxes or levies, other than income taxes. Under this interpretation, the obligating event that gives rise to the recognition of a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. If the obligating event arises at a point in time, the corresponding liability is recognized at said point in time. If the obligating event arises progressively over a period of time (for example, the generation of revenue), the corresponding liability is recognized progressively as the revenue is generated.

As a result, (i) certain taxes that were recognized progressively over the 12-month reporting period are from now on recognized one-shot as from January 1 of the current reporting period and (ii) to a lesser extent, there is a change in the reporting period when other taxes such as the social solidarity contribution due by the French entities (*Contribution Sociale de Solidarité des Sociétés* or C3S) (to be recognized in Y on the basis of revenues generated in Y-1), are recognized.

The impacts resulting from the retrospective application of IFRIC 21 as from January 1, 2014, are as follows for the Group:

- a €27 million increase in equity as at January 1, 2014;
- a €178 million decrease in the "Current operating income after share in net income of entities accounted for using the equity method" as well as a €127 million decrease in the "Net income Group share" in the comparative interim income statement as at June 30, 2014. Conversely, the annual income statement as at December 31, 2014 is not significantly impacted;
- a €22 million increase in equity in the statement of financial position as at December 31, 2014.

### 1.4 Specificities of interim financial reporting

#### Seasonality of operations

The Group's operations are intrinsically subject to seasonal fluctuations, but key performance indicators and operating income are even more influenced by changes in climatic conditions than by seasonality. Consequently, the interim results for the six months ended June 30, 2015 are not necessarily indicative of those that may be expected for full-year 2015.

#### Income tax expense

Current and deferred income tax expense for interim periods is calculated at the level of each tax entity by applying the average estimated annual effective tax rate for the current year to the taxable income for the interim period, with the exception of significant exceptional items. Significant exceptional items, if any, are recognized using their specific applicable taxation.

#### Pension benefit obligations

Pension costs for interim periods are calculated on the basis of the actuarial valuations performed at the end of the prior year. If necessary, these valuations are adjusted to take account of curtailments, settlements or other major non-recurring events that have occurred during the period. Furthermore, amounts recognized in the statement of financial position in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield on investment-grade corporate bonds in the geographic area concerned (benchmark used to determine the discount rate) and the actual return on plan assets.

## NOTE 2 SEGMENT INFORMATION

### 2.1 Operating segments

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

The Group's operating segments are described in Note 6 "Segment information", to the consolidated financial statements for the year ended December 31, 2014.

### 2.2 Key indicators by operating segment

#### REVENUES

| <i>In millions of euros</i>          | June 30, 2015     |                      |               | June 30, 2014     |                      |               |
|--------------------------------------|-------------------|----------------------|---------------|-------------------|----------------------|---------------|
|                                      | External revenues | Intra-Group Revenues | Total         | External revenues | Intra-Group Revenues | Total         |
| Energy International                 | 7,561             | 148                  | 7,709         | 6,861             | 583                  | 7,443         |
| Energy Europe                        | 19,163            | 278                  | 19,441        | 20,131            | 753                  | 20,885        |
| Global Gas & LNG                     | 2,160             | 881                  | 3,041         | 3,261             | 1,164                | 4,426         |
| Infrastructures                      | 1,627             | 1,940                | 3,567         | 1,445             | 2,021                | 3,466         |
| Energy Services                      | 8,008             | 80                   | 8,088         | 7,587             | 86                   | 7,672         |
| Other                                | 1                 | -                    | 1             | -                 | -                    | -             |
| Elimination of internal transactions | -                 | (3,327)              | (3,327)       | -                 | (4,607)              | (4,607)       |
| <b>TOTAL REVENUES</b>                | <b>38,520</b>     | <b>-</b>             | <b>38,520</b> | <b>39,284</b>     | <b>-</b>             | <b>39,284</b> |

#### EBITDA

| <i>In millions of euros</i> | June 30, 2015 | June 30, 2014 |
|-----------------------------|---------------|---------------|
| Energy International        | 1,876         | 1,702         |
| Energy Europe               | 1,124         | 1,437         |
| Global Gas & LNG            | 781           | 1,033         |
| Infrastructures             | 1,867         | 1,781         |
| Energy Services             | 571           | 535           |
| Other                       | (97)          | (57)          |
| <b>TOTAL EBITDA</b>         | <b>6,122</b>  | <b>6,430</b>  |

**DEPRECIATION AND AMORTIZATION**

| <i>In millions of euros</i>                | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|--------------------------------------------|----------------------|----------------------|
| Energy International                       | (536)                | (489)                |
| Energy Europe                              | (514)                | (539)                |
| Global Gas & LNG                           | (474)                | (369)                |
| Infrastructures                            | (654)                | (630)                |
| Energy Services                            | (177)                | (160)                |
| Other                                      | (47)                 | (46)                 |
| <b>TOTAL DEPRECIATION AND AMORTIZATION</b> | <b>(2,402)</b>       | <b>(2,233)</b>       |

**SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD**

| <i>In millions of euros</i>                                                        | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|------------------------------------------------------------------------------------|----------------------|----------------------|
| Energy International                                                               | 177                  | 138                  |
| Energy Europe                                                                      | 27                   | 59                   |
| Global Gas & LNG                                                                   | 10                   | 19                   |
| Infrastructures                                                                    | 3                    | 4                    |
| Energy Services                                                                    | 8                    | 3                    |
| Other                                                                              | 32                   | 41                   |
| <i>Of which share in net income of SUEZ Environnement</i>                          | 32                   | 41                   |
| <b>TOTAL SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>258</b>           | <b>265</b>           |

Associates and joint ventures totals respectively €164 million and €94 million in share in net income of entities accounted for using the equity method at June 30, 2015, compared to €137 million and €128 million at June 30, 2014.

**CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD**

| <i>In millions of euros</i>                                                                                              | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Energy International                                                                                                     | 1,338                | 1,213                |
| Energy Europe                                                                                                            | 609                  | 905                  |
| Global Gas & LNG                                                                                                         | 229                  | 627                  |
| Infrastructures                                                                                                          | 1,212                | 1,153                |
| Energy Services                                                                                                          | 392                  | 380                  |
| Other                                                                                                                    | (167)                | (104)                |
| <b>TOTAL CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>3,614</b>         | <b>4,174</b>         |

**INDUSTRIAL CAPITAL EMPLOYED**

| <i>In millions of euros</i>              | <b>June 30, 2015</b> | <b>Dec. 31, 2014</b> |
|------------------------------------------|----------------------|----------------------|
| Energy International                     | 23,354               | 22,041               |
| Energy Europe                            | 13,407               | 13,993               |
| Global Gas & LNG                         | 5,528                | 6,052                |
| Infrastructures                          | 18,285               | 19,148               |
| Energy Services                          | 4,654                | 4,102                |
| Other                                    | 3,468                | 3,428                |
| <i>Of which SUEZ Environnement</i>       | 1,979                | 1,994                |
| <b>TOTAL INDUSTRIAL CAPITAL EMPLOYED</b> | <b>68,696</b>        | <b>68,764</b>        |

**CAPITAL EXPENDITURE (CAPEX)**

| <i>In millions of euros</i>              | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|------------------------------------------|----------------------|----------------------|
| Energy International                     | 810                  | 808                  |
| Energy Europe                            | 535                  | 516                  |
| Global Gas & LNG                         | 509                  | 556                  |
| Infrastructures                          | 589                  | 721                  |
| Energy Services                          | 300                  | 482                  |
| Other                                    | 117                  | 56                   |
| <b>TOTAL CAPITAL EXPENDITURE (CAPEX)</b> | <b>2,861</b>         | <b>3,139</b>         |

**2.3 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>June 30, 2015</b> | <b>June 30, 2014</b> | <b>June 30, 2015</b>               | <b>Dec. 31, 2014</b> |
| France                      | 15,202               | 15,305               | 29,850                             | 31,763               |
| Belgium                     | 5,086                | 5,604                | 2,159                              | 2,108                |
| Other EU countries          | 9,317                | 10,049               | 11,637                             | 10,880               |
| Other European countries    | 1,160                | 683                  | 908                                | 1,080                |
| North America               | 2,286                | 1,831                | 6,473                              | 6,198                |
| Asia, Middle East & Oceania | 3,178                | 3,584                | 9,402                              | 8,854                |
| South America               | 2,160                | 2,121                | 7,525                              | 7,268                |
| Africa                      | 131                  | 107                  | 743                                | 613                  |
| <b>TOTAL</b>                | <b>38,520</b>        | <b>39,284</b>        | <b>68,696</b>                      | <b>68,764</b>        |

## 2.4 Reconciliation of indicators with consolidated financial statements

### 2.4.1 Reconciliation of EBITDA

The bridge between EBITDA and current operating income after share in net income of entities accounted for using the equity method is explained as follows:

| <i>In millions of euros</i>                                                                                        | June 30, 2015 | June 30, 2014 |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>3,614</b>  | <b>4,174</b>  |
| Net depreciation and amortization/Other                                                                            | 2,479         | 2,271         |
| Share-based payments (IFRS 2)                                                                                      | 29            | (15)          |
| <b>EBITDA</b>                                                                                                      | <b>6,122</b>  | <b>6,430</b>  |

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

| <i>In millions of euros</i>                                                                 | June 30, 2015 | Dec. 31, 2014 |
|---------------------------------------------------------------------------------------------|---------------|---------------|
| (+) Property, plant and equipment and intangible assets, net                                | 72,501        | 71,601        |
| (+) Goodwill                                                                                | 21,554        | 21,222        |
| (-) Goodwill arising on the Gaz de France - SUEZ merger <sup>(1)</sup>                      | (8,217)       | (8,216)       |
| (-) Goodwill arising on the International Power combination <sup>(1)</sup>                  | (2,643)       | (2,502)       |
| (+) IFRIC 4 and IFRIC 12 receivables                                                        | 1,742         | 1,779         |
| (+) Investments in entities accounted for using the equity method                           | 7,238         | 7,055         |
| (-) Goodwill arising on the International Power combination <sup>(1)</sup>                  | (164)         | (152)         |
| (+) Trade and other receivables, net                                                        | 19,257        | 21,558        |
| (-) Margin calls <sup>(1, 2)</sup>                                                          | (1,202)       | (1,257)       |
| (+) Inventories                                                                             | 3,755         | 4,891         |
| (+) Other current and non-current assets                                                    | 9,193         | 10,606        |
| (+) Deferred tax                                                                            | (8,508)       | (8,071)       |
| (+) Cancellation of deferred tax on other recyclable items <sup>(1)</sup>                   | (125)         | (188)         |
| (-) Provisions                                                                              | (18,204)      | (18,539)      |
| (+) Actuarial gains and losses in shareholders' equity (net of deferred tax) <sup>(1)</sup> | 1,941         | 2,168         |
| (-) Trade and other payables                                                                | (15,407)      | (18,799)      |
| (-) Margin calls <sup>(1, 2)</sup>                                                          | 1,101         | 1,309         |
| (-) Other liabilities                                                                       | (15,118)      | (15,701)      |
| <b>INDUSTRIAL CAPITAL EMPLOYED</b>                                                          | <b>68,696</b> | <b>68,764</b> |

(1) For the purpose of calculating industrial capital employed, the amounts recorded in respect of these items have been adjusted from those appearing in the statement of financial position.

(2) Margin calls included in "Trade and other receivables, net" and "Trade and other payables" correspond to advances received or paid as part of collateralization agreements set up by the Group to reduce its exposure to counterparty risk on commodities transactions.

### 2.4.3 Reconciliation of capital expenditures (CAPEX) with items in the statement of cash flows

| <i>In millions of euros</i>                                                                        | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|----------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Acquisitions of property, plant and equipment and intangible assets                                | 2,707                | 2,474                |
| Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired       | 22                   | 211                  |
| (+) <i>Cash and cash equivalents acquired</i>                                                      | -                    | 145                  |
| Acquisitions of investments in entities accounted for using the equity method and joint operations | 166                  | 187                  |
| Acquisitions of available-for-sale securities                                                      | 165                  | 172                  |
| Change in loans and receivables originated by the Group and other                                  | (206)                | (55)                 |
| (+) <i>Other</i>                                                                                   | -                    | (1)                  |
| Change in ownership interests in controlled entities                                               | 9                    | 24                   |
| (+) <i>Payments received in respect of the disposal of non-controlling interests</i>               | (3)                  | (18)                 |
| <b>TOTAL CAPITAL EXPENDITURE (CAPEX)</b>                                                           | <b>2,861</b>         | <b>3,139</b>         |

## NOTE 3 INCOME STATEMENT

### 3.1 Income/(loss) from operating activities

| <i>In millions of euros</i>                                                                                        | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|--------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>3,614</b>         | <b>4,174</b>         |
| Mark-to-market on commodity contracts other than trading instruments                                               | 401                  | 420                  |
| Impairment losses                                                                                                  | (740)                | (28)                 |
| Restructuring costs                                                                                                | (70)                 | (55)                 |
| Changes in scope of consolidation                                                                                  | (1)                  | 521                  |
| Other non-recurring items                                                                                          | 11                   | 46                   |
| <b>INCOME/(LOSS) FROM OPERATING ACTIVITIES</b>                                                                     | <b>3,214</b>         | <b>5,078</b>         |

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

In the first half of 2015, this item represents a net income of €401 million, compared with a net income of €420 million in the first half of 2014. It mainly reflects the 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 economic hedges but not eligible for hedge accounting.

This income is mainly due to (i) a positive price effect related to changes in the forward prices of the underlying commodities during the period, as well as (ii) the positive impact of the settlement of positions over the period with a negative fair value at December 31, 2014.

#### 3.1.2 Impairment losses

| <i>In millions of euros</i>                                                           | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|---------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Impairment losses:</b>                                                             |                      |                      |
| Goodwill                                                                              | -                    | -                    |
| Property, plant and equipment and other intangible assets                             | (542)                | (23)                 |
| Investments in entities accounted for using the equity method and relating provisions | (111)                | -                    |
| Financial assets and other                                                            | (92)                 | (11)                 |
| <b>TOTAL IMPAIRMENT LOSSES</b>                                                        | <b>(746)</b>         | <b>(34)</b>          |
| <b>Reversals of impairment losses:</b>                                                |                      |                      |
| Property, plant and equipment and other intangible assets                             | 4                    | 5                    |
| Financial assets and other                                                            | 1                    | 1                    |
| <b>TOTAL REVERSALS OF IMPAIRMENT LOSSES</b>                                           | <b>5</b>             | <b>6</b>             |
| <b>TOTAL</b>                                                                          | <b>(740)</b>         | <b>(28)</b>          |

In addition to the annual impairment tests on goodwill and non-amortizable intangible assets carried out in the second half of the year, the Group also tests goodwill, property, plant and equipment, intangible assets, investments in entities accounted for using the equity method and financial assets for impairment whenever there is an indication that the assets may be impaired.

At June 30, 2015, impairment tests were performed on a limited number of assets for which indications of impairment were identified during the first half of 2015.

### 3.1.2.1 Impairment losses recognized during the first half of 2015

Net impairment losses recognized for first-half 2015 amounted to €740 million, primarily relating to the Global Gas & LNG (€315 million) and Energy International (€398 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 Group share for first-half 2015 amounts to €547 million.

#### Impairment losses on Global Gas & LNG's exploration-production assets

- An impairment loss of €228 million was recognized against the assets of a gas field currently being developed in the UK sector of the North Sea. This impairment loss is mainly due to the downward revision of gas prices and higher plant construction costs.

The value-in-use of this project was calculated based on cash flow forecasts over the gas field's expected operating life drawn up by management.

Key assumptions used in this impairment test relate to changes in gas prices, estimated levels of reserves for the fields concerned and the discount rate. A 10% decrease in the gas price over the gas field's operating life would lead to the recognition of an additional impairment loss of €132 million. A 50 basis point increase in the discount rate used would lead to an additional impairment loss totaling €16 million.

- Finally, the Group decided to discontinue operations at an exploration license relating to an offshore gas field in Qatar. The exploration license, as well as the capitalized costs relating to this project, amounting to €87 million, were therefore fully impaired.

#### Impairment losses on Energy International's assets

- In North America, the CGU which comprises liquefied natural gas-related activities covers the import and regasification of liquefied natural gas and its gas commercialization activities in the North-East of the United States and Puerto Rico. It also comprises the optimization of supply contract volumes (where these are flexible) by selling cargoes to markets offering the highest profit margins. Due to the significant decrease in liquefied natural gas selling prices in the Asian markets, the amendments made to the supply contracts and the continuing low gas prices on the North American domestic market, the Group recorded an impairment loss of €194 million against the property, plant and equipment (Everett LNG terminal) of this CGU in first-half 2015.

The value-in-use of this project was calculated based on cash flow forecasts drawn up by management, to which a 6.95% discount rate was applied.

- The Group is engaged in a joint-venture in charge of the construction of a gas infrastructure under a Build, Own, Operate and Transfer (BOOT) contract. This joint venture took note of the impossibility to continue performing this contract and notified the customer thereof. In this context, the Group impaired its entire net investment in the joint venture overseeing the project, which was accounted for using the equity method. A total loss of €196 million was recognized for this project in the financial statements at June 30, 2015.

In first-half 2014, impairment losses amounted to €34 million. This total did not include any individually material amount.

### 3.1.2.2 Impairment test on the Global Gas & LNG goodwill CGU

The Global Gas & LNG goodwill CGU brings together upstream activities in the natural gas value chain, including:

- exploration-production activities, i.e., the exploration, development and operation of oil and gas fields;
- activities relating to LNG, i.e., the management and sale of a diversified portfolio of long-term supply contracts, interests in liquefaction facilities, operation of an LNG tanker fleet, regasification capacities in LNG terminals and the development and sale of cryogenic membrane confinement systems to transport LNG, carried out by Gaztransport & Technigaz (GTT), the Group's subsidiary specialized in marine engineering.

The total amount of goodwill allocated to this CGU was €2,206 million at June 30, 2015.

The Global Gas & LNG CGU activities encountered a number of challenging events and face difficult market conditions:

- the Yemen LNG facility, which provides the Group with nearly 38 LNG cargoes per year, stopped shipping LNG in April 2015 due to the deteriorating security situation near the facility. The date on which it will resume its activities is not yet known;
- in the first six months of the year, selling prices on the Asian spot markets fell sharply compared with 2014, falling within an average range of USD 7 and USD 7.5/MMBtu compared with an average of USD 14/MMBtu the previous year. Furthermore, the long-term oil indexed sales contracts to the Asian markets were adversely affected by the fall in Brent crude oil prices;
- low hydrocarbon prices continued to squeeze the exploration-production activities' margins.

In light of these unfavorable conditions, the Group carried out an impairment test on this CGU at June 30, 2015.

### Key assumptions used for the impairment test

The recoverable amount of the CGU was determined based on (i) the market price for the listed subsidiary GTT, and (ii) the value-in-use for all other activities included in the CGU.

Value-in-use was calculated using cash flow forecasts drawn up by management for the 2015-2021 period. A terminal value was calculated by extrapolating the cash flows beyond that period.

For LNG activities outside GTT, the terminal value corresponds to an exit value determined by applying a long-term growth rate of 2.5% to the last cash flow. The long-term growth assumption is corroborated by external studies and by other market players' forecasts. The average discount rate applied to these projections was 8.9%. It was assumed that the Yemen LNG facility would resume its activities.

The value-in-use of exploration-production assets 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 discount rates applied range between 7.8% and 14.5%, and differ primarily in accordance with the risk premiums assigned to the countries in which the Group operates.

The main assumptions and key estimates notably include discount rates, hydrocarbon price trends, changes in the euro/US dollar exchange rate, estimates of proven and probable reserves, changes in LNG supply and demand, the date on which the Yemen LNG facility resumes its activities, as well as changes in LNG market prices. The projections used for oil and natural gas prices beyond the liquidity period are in line with the consensus drawn up on the basis of several external studies.

### Results of the impairment test

At June 30, 2015, the recoverable amount of the Global Gas & LNG goodwill CGU remained higher than its carrying amount.

However, in view of the current market dynamics, the results of the test remain particularly sensitive to the assumptions used beyond the liquidity period concerning:

- changes in the balance between supply and demand as well as the pace and extent of the recovery of hydrocarbon and LNG selling prices;
- the volumes of LNG supplies relating to the Egyptian and Yemeni contracts.

### Goodwill CGU test sensitivity analyses

An increase of 50 basis points in the discount rate used would have a negative 53% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain higher than the carrying amount. A reduction of 50 basis points in the discount rate used would have a positive 72% impact on this calculation.

A decrease of 10% in the hydrocarbon prices used in exploration-production activities would lead to an impairment risk of around €200 million, assuming that the other impairment test assumptions remain unchanged.

A decrease of USD 1/MMBtu in selling prices on LNG volumes that are uncontracted as of 2018, would lead to an impairment risk of around €900 million, assuming that the other impairment test assumptions remain unchanged.

Should the Yemen LNG facility resume its activities one year later than assumed, the excess of the recoverable amount over the carrying amount would be reduced by 41%. However, the recoverable amount would remain higher than the carrying amount.

### **3.1.2.3 Sensitivity of the Energy – Central Western Europe (CWE) CGU impairment test to the assumptions concerning nuclear power generation in Belgium**

The Energy – 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 total amount of goodwill allocated to this CGU was €8,182 million at June 30, 2015. The key assumptions used for impairment testing at December 31, 2014 as well as the analyses of sensitivity to changes in key assumptions are described in Note 13.3.1 “Material CGUs” to the 2014 consolidated financial statements.

None of the key assumptions used to value this CGU in the 2014 impairment test were adversely impacted during first-half 2015. For this reason, the Group considered that it was not necessary to carry out another impairment test. In view of the Group's assessment of all of the inputs and key assumptions used in the impairment test, the Group considered that the carrying amount of the CWE CGU was not greater than its recoverable amount at June 30, 2015.

However, as was the case for the 2014 impairment test, the recoverable amount of the CGU remains particularly sensitive to the assumptions relating to nuclear power generation in Belgium

The recoverable amount of the CGU was calculated based on an assumption that the operating life of the second-generation reactors would be extended by 20 years, after 40 years of operation. 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. Should the operating lives of these reactors not be extended after 40 years of operation, the impairment risk on the goodwill CGU calculated in the 2014 impairment test would represent around €4,400 million.

The Doel 3 and Tihange 2 reactors have been put on hold since March 25, 2014, the date to which the Group decided to anticipate the planned outages of the two reactors based on the findings of tests carried out on samples of substances in the reactor vessels, in accordance with the action plan agreed with the Belgian Federal Agency for Nuclear Control (FANC) when the above reactors were restarted in 2013. During the first half of 2015, Electrabel performed a number of additional tests and trials that had been requested at the end of the previous year, and disclosed the results to a panel of international experts appointed by the FANC. The Group is finalizing the preparation of the safety case to be submitted to the FANC, which will decide on the restart of both reactors. The Group remains confident that the reactors will restart on November 1, 2015. Should these two reactors be permanently shut down, the impairment risk calculated in the 2014 impairment test would represent around €2,200 million.

The ten-year extension of the operating lives of the Doel 1 and Doel 2 reactors was approved by the Belgian Parliament on June 18, 2015. The law of January 31, 2003 with respect to the phase-out of nuclear power in Belgium was amended accordingly: the closure dates of the Doel 1 and Doel 2 reactors have been moved back to February 15 and December 1, 2025, respectively. However, the decisions to extend the reactor's operating lives are still subject to the FANC's approval and the signature of an agreement between the Group and the Belgian State regarding the economic and financial conditions of the extension. The Group will only make the investments necessary to extend the useful life of these two reactors if (i) these extensions are profitable from an economic standpoint and (ii) the economic and legal framework governing nuclear power activities in Belgium has been clarified and stabilized. Since the outcome of the discussions regarding the extension of the operating life of the Doel 1 and Doel 2 reactors was not known at the time, the 2014 impairment test was based on the assumption that the two reactors would shut down in 2015.

### **3.1.2.4 Difficulties related to the construction of a coal-fired power plant in India**

The Group has encountered a number of delays and technical difficulties during the construction of the 700 MW Meenakshi Phase 2 coal-fired power plant. To resolve the situation as soon as possible, the Group put together in July 2015 an expert task force responsible for accurately assessing the operating and financial status of the project and defining and implementing an action plan.

On the basis of information available at June 30, 2015, the Group has not identified any issues that call into question the carrying amount of the plant under construction as recorded in the financial statements for the six months ended June 30, 2015, i.e., €365 million.

The Group will review the financial estimates and forecasts concerning this project in light of the information submitted to it by the task force during the second half of 2015.

### 3.1.3 Restructuring costs

Restructuring costs totaling €70 million at June 30, 2015 include €18 million of external costs related to the corporate Group brand change, as well as costs incurred to adapt to economic conditions, of which €34 million for the Energy Services business line and €15 million for the Energy Europe business line.

Restructuring costs totaled €55 million at June 30, 2014, and included costs incurred to adapt to economic conditions, of which €28 million for the Energy Europe business line.

### 3.1.4 Changes in scope of consolidation

At June 30, 2015, this item amounts to negative €1 million, and does not include any individually material amount.

At June 30, 2014, this item amounted to positive €521 million, and mainly comprised:

- the €359 million revaluation gain relating to the 40% interest previously held by the Group in Gaztransport & Technigaz (GTT) following the acquisition of control over the company further to its initial public offering;
- the €174 million revaluation gain relating to the Group's interest in the Walloon distribution network operator following the loss of significant influence, and the recognition of these shares under "Available-for-sale securities".

### 3.2 Net financial income/(loss)

| <i>In millions of euros</i>                                                                         | June 30, 2015  |            |              | June 30, 2014  |            |              |
|-----------------------------------------------------------------------------------------------------|----------------|------------|--------------|----------------|------------|--------------|
|                                                                                                     | Expense        | Income     | Total        | Expense        | Income     | Total        |
| <b>Cost of net debt</b>                                                                             | <b>(503)</b>   | <b>77</b>  | <b>(427)</b> | <b>(552)</b>   | <b>64</b>  | <b>(489)</b> |
| Interest expense on gross debt and hedges                                                           | (583)          | -          | (583)        | (617)          | -          | (617)        |
| Foreign exchange gains/(losses) on borrowings and hedges                                            | -              | 10         | 10           | -              | 8          | 8            |
| Ineffective portion of derivatives qualified as fair value hedges                                   | (7)            | -          | (7)          | (3)            | -          | (3)          |
| Gains and losses on cash and cash equivalents and financial assets at fair value through income     | -              | 67         | 67           | -              | 56         | 56           |
| Capitalized borrowing costs                                                                         | 87             | -          | 87           | 68             | -          | 68           |
| <b>Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments</b> | <b>(269)</b>   | <b>148</b> | <b>(122)</b> | <b>(322)</b>   | <b>222</b> | <b>(100)</b> |
| Cash payments made on the unwinding of swaps                                                        | (151)          | -          | (151)        | (222)          | -          | (222)        |
| Reversal of the negative fair value of these early unwound derivative financial instruments         | -              | 148        | 148          | -              | 222        | 222          |
| Expenses on debt restructuring transactions                                                         | (118)          | -          | (118)        | (100)          | -          | (100)        |
| <b>Other financial income and expenses</b>                                                          | <b>(599)</b>   | <b>258</b> | <b>(341)</b> | <b>(545)</b>   | <b>214</b> | <b>(331)</b> |
| Net interest expense on post-employment benefits and other long-term benefits                       | (62)           | -          | (62)         | (75)           | -          | (75)         |
| Unwinding of discounting adjustments to other long-term provisions                                  | (282)          | -          | (282)        | (260)          | -          | (260)        |
| Change in fair value of derivatives not qualified as hedges                                         | (66)           | -          | (66)         | (111)          | -          | (111)        |
| Income from available-for-sale securities                                                           | -              | 46         | 46           | -              | 36         | 36           |
| Other                                                                                               | (188)          | 212        | 24           | (98)           | 177        | 79           |
| <b>NET FINANCIAL INCOME/(LOSS)</b>                                                                  | <b>(1,371)</b> | <b>483</b> | <b>(889)</b> | <b>(1,419)</b> | <b>500</b> | <b>(919)</b> |

The decrease in the cost of net debt is mainly due to the positive impacts of debt financing and restructuring transactions carried out by the Group despite a slight increase in the volume of average debt since the end of June 2014.

### 3.3 Income tax expense

| <i>In millions of euros</i>                                                                                                           | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Net income/(loss) (A)                                                                                                                 | 1,336                | 2,938                |
| Total income tax expense recognized in income for the period (B)                                                                      | (990)                | (1,221)              |
| Share in net income of entities accounted for using the equity method (C)                                                             | 258                  | 265                  |
| <b>INCOME BEFORE INCOME TAX EXPENSE AND SHARE IN NET INCOME OF ENTITIES<br/>ACCOUNTED FOR USING THE EQUITY METHOD (A)-(B)-(C)=(D)</b> | <b>2,068</b>         | <b>3,893</b>         |
| <b>EFFECTIVE TAX RATE (B)/(D)</b>                                                                                                     | <b>47.9%</b>         | <b>31.4%</b>         |

The increase in the effective tax rate is mainly due to the following reasons:

- the increase in the losses from Electrabel SA, without any deferred tax asset recognition, with respect to the tax situation of the company;
- the absence of income tax expense on the revaluation gains recorded in 2014 resulting from the changes in consolidation methods for Gaztransport & Technigaz (GTT) and for the Group's share in the Walloon distribution network operator;
- the absence of tax impact of most of the impairment losses accounted for during the first half-year 2015.

These items are partially offset with the net tax income resulting from settlements of tax disputes in Australia and the United Kingdom in 2015.

### 3.4 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 after share in net income of entities accounted for using the equity method" 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" to the 2014 consolidated financial statements;
- the following components of net financial income/(loss): the impact of debt restructuring, compensation payments on the early unwinding of derivative instruments net of the reversal of the fair value of these derivatives that were settled early, changes in the fair value of derivative instruments which do not qualify as hedges under IAS 39 – *Financial Instruments: Recognition and Measurement*, as well as the ineffective portion of derivative instruments that qualify as hedges;
- the income tax impact of the items described above, determined using the statutory income tax rate applicable to the relevant tax entity;
- the net expense relating to the nuclear contribution in Belgium, the legality of which is contested by the Group;
- net non-recurring items included in "Share in net income of entities accounted for using the equity method". The excluded items correspond to the non-recurring items as defined above.

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

| <i>In millions of euros</i>                                                                                                                                                                     | <b>Notes</b> | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------|----------------------|
| <b>NET INCOME/(LOSS) GROUP SHARE</b>                                                                                                                                                            |              | <b>1,111</b>         | <b>2,508</b>         |
| Non-controlling interests                                                                                                                                                                       |              | 224                  | 430                  |
| <b>NET INCOME/(LOSS)</b>                                                                                                                                                                        |              | <b>1,336</b>         | <b>2,938</b>         |
| <b>Reconciliation items between "Current operating income/(loss) after share in net income of entities accounted for using the equity method" and "Income/(loss) from operating activities"</b> |              | <b>400</b>           | <b>(904)</b>         |
| <i>Mark-to-market on commodity contracts other than trading instruments</i>                                                                                                                     | 3.1          | (401)                | (420)                |
| <i>Impairment losses</i>                                                                                                                                                                        | 3.1          | 740                  | 28                   |
| <i>Restructuring costs</i>                                                                                                                                                                      | 3.1          | 70                   | 55                   |
| <i>Changes in scope of consolidation</i>                                                                                                                                                        | 3.1          | 1                    | (521)                |
| <i>Other non-recurring items</i>                                                                                                                                                                | 3.1          | (11)                 | (46)                 |
| <b>Other adjusted items</b>                                                                                                                                                                     |              | <b>350</b>           | <b>384</b>           |
| <i>Ineffective portion of derivatives qualified as fair value hedges</i>                                                                                                                        | 3.2          | 7                    | 3                    |
| <i>Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments</i>                                                                                             | 3.2          | 122                  | 100                  |
| <i>Change in fair value of derivatives not qualified as hedges</i>                                                                                                                              | 3.2          | 66                   | 111                  |
| <i>Taxes on non-recurring items</i>                                                                                                                                                             |              | (30)                 | (2)                  |
| <i>Net expense relating to the nuclear contribution in Belgium</i>                                                                                                                              |              | 177                  | 197                  |
| <i>Non-recurring income included in share in net income of entities accounted for using the equity method</i>                                                                                   |              | 9                    | (25)                 |
| <b>NET RECURRING INCOME</b>                                                                                                                                                                     |              | <b>2,086</b>         | <b>2,418</b>         |
| Non-controlling interests net recurring income                                                                                                                                                  |              | 322                  | 415                  |
| <b>NET RECURRING INCOME GROUP SHARE</b>                                                                                                                                                         |              | <b>1,764</b>         | <b>2,003</b>         |

## NOTE 4 GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

| <i>In millions of euros</i>                                                          | <b>Goodwill</b> | <b>Intangible assets</b> | <b>Property, plant and equipment</b> |
|--------------------------------------------------------------------------------------|-----------------|--------------------------|--------------------------------------|
| <b>GROSS AMOUNT</b>                                                                  |                 |                          |                                      |
| <b>At December 31, 2014</b>                                                          | <b>27,102</b>   | <b>15,841</b>            | <b>109,446</b>                       |
| Acquisitions and construction of property, plant and equipment and intangible assets | -               | 285                      | 2,523                                |
| Disposals of property, plant and equipment and intangible assets                     | -               | (176)                    | (549)                                |
| Changes in scope of consolidation                                                    | 35              | 2                        | 66                                   |
| Other changes                                                                        | -               | 54                       | 1                                    |
| Translation adjustments                                                              | 300             | 174                      | 1,863                                |
| <b>AT JUNE 30, 2015</b>                                                              | <b>27,438</b>   | <b>16,179</b>            | <b>113,351</b>                       |
| <b>ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT</b>                         |                 |                          |                                      |
| <b>At December 31, 2014</b>                                                          | <b>(5,880)</b>  | <b>(8,272)</b>           | <b>(45,414)</b>                      |
| Depreciation and amortization                                                        | -               | (356)                    | (2,044)                              |
| Impairment                                                                           | -               | (88)                     | (454)                                |
| Disposals of property, plant and equipment and intangible assets                     | -               | 144                      | 207                                  |
| Changes in scope of consolidation                                                    | -               | 2                        | (3)                                  |
| Other changes                                                                        | -               | 3                        | 17                                   |
| Translation adjustments                                                              | (4)             | (74)                     | (697)                                |
| <b>AT JUNE 30, 2015</b>                                                              | <b>(5,884)</b>  | <b>(8,641)</b>           | <b>(48,387)</b>                      |
| <b>CARRYING AMOUNT</b>                                                               |                 |                          |                                      |
| <b>At December 31, 2014</b>                                                          | <b>21,222</b>   | <b>7,569</b>             | <b>64,032</b>                        |
| <b>AT JUNE 30, 2015</b>                                                              | <b>21,554</b>   | <b>7,538</b>             | <b>64,963</b>                        |

Impairment losses on property, plant and equipment and intangible assets amount to €542 million at June 30, 2015. They are notably related to (i) property, plant and equipment of a gas field currently being developed in the UK sector of the North Sea (€228 million), (ii) property, plant and equipment of a regasification plant in North America (€194 million), (iii) and an exploration license of a gas field in Qatar (see Note 3.1.2 "Impairment losses").

Net disposals of property, plant and equipment and intangible assets amounting to €374 million comprised in particular the disposal of interests in exploration-production licenses in Indonesia and Norway for €233 million as well as the disposal of real estate for €102 million.

Translation adjustments recorded on the net amount of property, plant and equipment mainly resulted from the evolution against the euro of the US dollar (positive €854 million), the pound sterling (positive €236 million), and the Thai baht (positive €100 million).

## NOTE 5 FINANCIAL INSTRUMENTS

### 5.1 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                                                            | June 30, 2015 |               |               | Dec. 31, 2014 |               |               |
|---------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                 | Non-current   | Current       | Total         | Non-current   | Current       | Total         |
| Available-for-sale securities                                                   | 3,093         | -             | 3,093         | 2,893         | -             | 2,893         |
| Loans and receivables at amortized cost                                         | 2,894         | 20,034        | 22,928        | 2,960         | 22,483        | 25,443        |
| Loans and receivables at amortized cost (excluding trade and other receivables) | 2,894         | 777           | 3,670         | 2,960         | 925           | 3,885         |
| Trade and other receivables                                                     | -             | 19,257        | 19,257        | -             | 21,558        | 21,558        |
| Other financial assets at fair value                                            | 3,448         | 6,486         | 9,934         | 2,733         | 9,337         | 12,069        |
| Derivative instruments                                                          | 3,448         | 5,349         | 8,797         | 2,733         | 7,886         | 10,619        |
| Financial assets at fair value through income                                   | -             | 1,137         | 1,137         | -             | 1,450         | 1,450         |
| Cash and cash equivalents                                                       | -             | 9,982         | 9,982         | -             | 8,546         | 8,546         |
| <b>TOTAL</b>                                                                    | <b>9,435</b>  | <b>36,503</b> | <b>45,938</b> | <b>8,585</b>  | <b>40,366</b> | <b>48,951</b> |

#### 5.1.1 Available-for-sale securities

|                                                                                                      |              |
|------------------------------------------------------------------------------------------------------|--------------|
| In millions of euros                                                                                 |              |
| <b>At December 31, 2014</b>                                                                          | <b>2,893</b> |
| Acquisitions                                                                                         | 166          |
| Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income" | (8)          |
| Disposals - "Other comprehensive income" derecognized                                                | -            |
| Other changes in fair value recorded in equity                                                       | 5            |
| Changes in fair value recorded in income                                                             | (25)         |
| Changes in scope of consolidation, foreign currency translation and other changes                    | 63           |
| <b>AT JUNE 30, 2015</b>                                                                              | <b>3,093</b> |

The Group's available-for-sale securities amounted to €3,093 million at June 30, 2015 breaking down as €1,521 million of listed securities and €1,572 million of unlisted securities (respectively, €1,406 million and €1,487 million at December 31, 2014).

### 5.2 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 such.

The following table presents the Group's different financial liabilities at June 30, 2015, broken down into current and non-current items:

| <i>In millions of euros</i> | June 30, 2015 |               |               | Dec. 31, 2014 |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                             | Non-current   | Current       | Total         | Non-current   | Current       | Total         |
| Borrowings and debt         | 27,791        | 11,113        | 38,904        | 28,024        | 10,297        | 38,321        |
| Derivative instruments      | 3,137         | 3,803         | 6,940         | 3,020         | 5,895         | 8,915         |
| Trade and other payables    | -             | 15,407        | 15,407        | -             | 18,799        | 18,799        |
| Other financial liabilities | 235           | -             | 235           | 286           | -             | 286           |
| <b>TOTAL</b>                | <b>31,163</b> | <b>30,322</b> | <b>61,485</b> | <b>31,329</b> | <b>34,991</b> | <b>66,320</b> |

## 5.3 Net debt

### 5.3.1 Net debt by type

| <i>In millions of euros</i>                                                                     | June 30, 2015  |                 |                 | Dec. 31, 2014 |                 |                 |
|-------------------------------------------------------------------------------------------------|----------------|-----------------|-----------------|---------------|-----------------|-----------------|
|                                                                                                 | Non-current    | Current         | Total           | Non-current   | Current         | Total           |
| Borrowings and debt outstanding                                                                 | 27,444         | 10,221          | 37,664          | 27,748        | 9,108           | 36,855          |
| Impact of measurement at amortized cost                                                         | 130            | 61              | 191             | (80)          | 510             | 430             |
| Impact of fair value hedge <sup>(1)</sup>                                                       | 217            | 33              | 250             | 356           | 47              | 403             |
| Margin calls on derivatives hedging borrowings - liabilities                                    | -              | 798             | 798             | -             | 633             | 633             |
| <b>BORROWINGS AND DEBT</b>                                                                      | <b>27,791</b>  | <b>11,113</b>   | <b>38,904</b>   | <b>28,024</b> | <b>10,297</b>   | <b>38,321</b>   |
| Derivatives hedging borrowings - carried in liabilities <sup>(2)</sup>                          | 291            | 129             | 419             | 226           | 175             | 401             |
| <b>GROSS DEBT</b>                                                                               | <b>28,082</b>  | <b>11,241</b>   | <b>39,323</b>   | <b>28,249</b> | <b>10,472</b>   | <b>38,722</b>   |
| Assets related to financing                                                                     | (50)           | (17)            | (66)            | (55)          | (16)            | (71)            |
| <b>ASSETS RELATED TO FINANCING</b>                                                              | <b>(50)</b>    | <b>(17)</b>     | <b>(66)</b>     | <b>(55)</b>   | <b>(16)</b>     | <b>(71)</b>     |
| Financial assets at fair value through income (excluding margin calls)                          | -              | (820)           | (820)           | -             | (808)           | (808)           |
| Margin calls on derivatives hedging borrowings - carried in assets                              | -              | (317)           | (317)           | -             | (643)           | (643)           |
| Cash and cash equivalents                                                                       | -              | (9,982)         | (9,982)         | -             | (8,546)         | (8,546)         |
| Derivatives hedging borrowings - carried in assets <sup>(2)</sup>                               | (1,098)        | (237)           | (1,335)         | (978)         | (165)           | (1,143)         |
| <b>NET CASH</b>                                                                                 | <b>(1,098)</b> | <b>(11,356)</b> | <b>(12,454)</b> | <b>(978)</b>  | <b>(10,162)</b> | <b>(11,140)</b> |
| <b>NET DEBT</b>                                                                                 | <b>26,934</b>  | <b>(132)</b>    | <b>26,802</b>   | <b>27,216</b> | <b>295</b>      | <b>27,511</b>   |
| Borrowings and debt outstanding                                                                 | 27,444         | 10,221          | 37,664          | 27,748        | 9,108           | 36,855          |
| Assets related to financing                                                                     | (50)           | (17)            | (66)            | (55)          | (16)            | (71)            |
| Financial assets at fair value through income (excluding margin calls)                          | -              | (820)           | (820)           | -             | (808)           | (808)           |
| Cash and cash equivalents                                                                       | -              | (9,982)         | (9,982)         | -             | (8,546)         | (8,546)         |
| <b>NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, MARGIN CALLS AND AMORTIZED COST</b> | <b>27,394</b>  | <b>(598)</b>    | <b>26,796</b>   | <b>27,693</b> | <b>(262)</b>    | <b>27,430</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.

The fair value of gross borrowings and debt amounted to €40,862 million at June 30, 2015, compared with a carrying amount of €38,904 million.

### 5.3.1.1 Impact of changes in the scope of consolidation and in exchange rates on net debt

During the first half of 2015, changes in exchange rates led to a €563 million increase in net debt (including €317 million in relation to the US dollar, €141 million in relation to the pound sterling and €56 million in relation to the Thai baht).

The impact of changes in the scope of consolidation were not material.

### 5.3.1.2 Financing and refinancing transactions

The Group carried out the following transactions during the first half of 2015

- A bond issue for a total amount of €2.5 billion on March 13, 2015, including
  - a €500 million tranche maturing in 2017 with a 0.0% coupon;
  - a €750 million tranche maturing in 2022 with a 0.5% coupon;
  - a €750 million tranche maturing in 2026 with a 1.0% coupon;
  - a €500 million tranche maturing in 2035 with a 1.5% coupon.
- A buyback of bonds in an aggregate nominal amount of €635 million on June 5, 2015, including:
  - €91 million in bonds maturing in February 2023 with a 3% coupon;
  - €44 million in bonds maturing in October 2022 with a 3.5% coupon;
  - €203 million in bonds maturing in July 2022 with a 2.625% coupon;
  - €297 million in bonds maturing in February 2021 with a 6.125% coupon.
- The redemption of the following bonds, which matured during the first half of 2015
  - €750 million worth of GDF SUEZ SA bonds with a coupon of 5% which matured on February 23, 2015;
  - €454 million worth of Electrabel bonds with a coupon of 4.75% which matured on April 10, 2015;
  - €451 million worth of Belgelec Finance bonds with a coupon of 5.125% which matured on June 24, 2015.

## 5.4 Derivative instruments

### 5.4.1 Derivative financial assets

|                                                | June 30, 2015 |              |              | Dec. 31, 2014 |              |               |
|------------------------------------------------|---------------|--------------|--------------|---------------|--------------|---------------|
|                                                | Non-current   | Current      | Total        | Non-current   | Current      | Total         |
| <i>In millions of euros</i>                    |               |              |              |               |              |               |
| Derivatives hedging borrowings                 | 1,098         | 237          | 1,335        | 978           | 165          | 1,143         |
| Derivatives hedging commodities                | 1,452         | 4,999        | 6,451        | 716           | 7,653        | 8,369         |
| Derivatives hedging other items <sup>(1)</sup> | 898           | 114          | 1,011        | 1,038         | 68           | 1,107         |
| <b>TOTAL</b>                                   | <b>3,448</b>  | <b>5,349</b> | <b>8,797</b> | <b>2,733</b>  | <b>7,886</b> | <b>10,619</b> |

(1) Derivatives hedging other items mainly include the interest rate component of derivatives (not qualifying as hedges or qualifying as cash flow hedges), that are excluded from net debt, as well as net investment hedge derivatives.

### 5.4.2 Derivative financial liabilities

|                                                | June 30, 2015 |              |              | Dec. 31, 2014 |              |              |
|------------------------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|
|                                                | Non-current   | Current      | Total        | Non-current   | Current      | Total        |
| <i>In millions of euros</i>                    |               |              |              |               |              |              |
| Derivatives hedging borrowings                 | 291           | 129          | 419          | 226           | 175          | 401          |
| Derivatives hedging commodities                | 1,578         | 3,542        | 5,120        | 945           | 5,619        | 6,564        |
| Derivatives hedging other items <sup>(1)</sup> | 1,269         | 133          | 1,401        | 1,849         | 101          | 1,950        |
| <b>TOTAL</b>                                   | <b>3,137</b>  | <b>3,803</b> | <b>6,940</b> | <b>3,020</b>  | <b>5,895</b> | <b>8,915</b> |

(1) Derivatives hedging other items mainly include the interest rate component of derivatives (not qualifying as hedges or qualifying as cash flow hedges), that are excluded from net debt, as well as net investment hedge derivatives.

### 5.4.3 Fair value of derivative financial instruments hedging commodities

|                                                                    | June 30, 2015 |              |                |                | Dec. 31, 2014 |              |              |                |
|--------------------------------------------------------------------|---------------|--------------|----------------|----------------|---------------|--------------|--------------|----------------|
|                                                                    | 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 | 1,452         | 2,398        | (1,578)        | (2,166)        | 716           | 2,012        | (945)        | (2,218)        |
| Derivative instruments relating to trading activities              | -             | 2,601        | -              | (1,375)        | -             | 5,641        | -            | (3,401)        |
| <b>TOTAL</b>                                                       | <b>1,452</b>  | <b>4,999</b> | <b>(1,578)</b> | <b>(3,542)</b> | <b>716</b>    | <b>7,653</b> | <b>(945)</b> | <b>(5,619)</b> |

### 5.4.4 Financial instruments by level in the fair value hierarchy

During the first half of 2015, the Group has made no significant change in the classification of financial instruments and had no significant transfer between levels in the fair value hierarchy.

## NOTE 6 RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group 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 2014 Registration Document.

### 6.1 Market risks

#### 6.1.1 Commodity risk

##### 6.1.1.1 Portfolio management activities

Sensitivities of the commodity-related financial derivatives portfolio used as part of the portfolio management activities at June 30, 2015 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 | June 30, 2015            |                          |
|--------------------------------|------------------|--------------------------|--------------------------|
|                                |                  | Pre-tax impact on income | Pre-tax impact on equity |
| Oil-based products             | +\$US10/bbl      | 271                      | 12                       |
| Natural gas                    | +€3/MWh          | (242)                    | (145)                    |
| Electricity                    | +€5/MWh          | (17)                     | 2                        |
| Coal                           | +\$US10/ton      | 118                      | 10                       |
| Greenhouse gas emission rights | +€2/ton          | 131                      | -                        |
| EUR/USD                        | +10%             | (323)                    | 3                        |
| EUR/GBP                        | +10%             | (9)                      | -                        |
| GBP/USD                        | +10%             | 2                        | -                        |

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities.

##### 6.1.1.2 Trading activities

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 VaR shown below corresponds to the aggregated VaR of the Group's trading entities.

#### Value at Risk

| In millions of euros | June 30, 2015 | 2015 average <sup>(1)</sup> | 2015 maximum <sup>(2)</sup> | 2015 minimum <sup>(2)</sup> |
|----------------------|---------------|-----------------------------|-----------------------------|-----------------------------|
| Trading activities   | 2             | 6                           | 14                          | 2                           |

(1) Average daily VaR.

(2) Maximum and minimum daily VaR observed in 2015.

### 6.1.2 Currency risk

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 of foreign currencies against the euro compared to closing rates.

| In millions of euros                                                                                                                                                    | June 30, 2015                  |       |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------|------------------|
|                                                                                                                                                                         | Impact on income after hedging |       | Impact on equity |
|                                                                                                                                                                         | + 10%                          | - 10% | - 10%            |
| Liabilities denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position <sup>(1)</sup> | (51)                           | 51    | -                |
| Financial instruments (debt and derivatives) qualified as net investment hedges <sup>(2)</sup>                                                                          | -                              | -     | 393              |

(1) Excluding liabilities qualified as net investment hedges.

(2) This impact is countered by the offsetting change in the net investment hedged.

### 6.1.3 Interest rate risk

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 rise or fall of 100 basis points in the yield curve compared with closing interest rates.

| In millions of euros                                                          | June 30, 2015                  |                   |                   |                   |
|-------------------------------------------------------------------------------|--------------------------------|-------------------|-------------------|-------------------|
|                                                                               | Impact on income after hedging |                   | Impact on equity  |                   |
|                                                                               | +100 basis points              | -100 basis points | +100 basis points | -100 basis points |
| Nominal amount of floating-rate net debt and floating-rate leg of derivatives | (33)                           | 33                | -                 | -                 |
| Derivatives not qualified as hedges                                           | 73                             | (87)              | -                 | -                 |
| Derivatives qualified as cash flow hedges                                     | -                              | -                 | 574               | (539)             |

## 6.2 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.

At June 30, 2015, bank loans accounted for 20% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the major part of the remaining debt was raised on capital markets (including €23,624 million in bonds, or 63% of gross debt).

Outstanding short-term commercial paper represented 15% of gross debt, or €5,419 million at June 30, 2015.

Available cash, comprising cash and cash equivalents and financial assets qualifying and designated as at fair value through income (excluding margin calls), net of bank overdrafts totaled €10,421 million at June 30, 2015.

Confirmed credit facilities had been granted for a total of €14,290 million at June 30, 2015, of which €13,623 million was available and undrawn. 89% of total credit lines are centralized.

## Undiscounted contractual payments on net debt excluding the impact of derivative instruments, cash collateral and amortized cost

At June 30, 2015, undiscounted contractual payments on net debt (excluding the impact of derivative instruments, margin calls and amortized cost) break down as follows by maturity:

| <i>In millions of euros</i>                                                                     | <b>Total</b>  | <b>2015</b>    | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>Beyond 5 years</b> |
|-------------------------------------------------------------------------------------------------|---------------|----------------|--------------|--------------|--------------|--------------|-----------------------|
| Bond issues                                                                                     | 23,624        | 6              | 2,363        | 2,998        | 1,710        | 941          | 15,606                |
| Bank borrowings                                                                                 | 6,222         | 1,045          | 1,240        | 991          | 572          | 255          | 2,120                 |
| Commercial paper                                                                                | 5,419         | 5,297          | 122          | -            | -            | -            | -                     |
| Drawdowns on credit facilities                                                                  | 667           | 63             | 19           | 11           | 11           | 10           | 552                   |
| Liabilities under finance leases                                                                | 590           | 8              | 16           | 68           | 12           | 302          | 183                   |
| Other borrowings                                                                                | 762           | 115            | 200          | 223          | 75           | 44           | 104                   |
| Bank overdrafts and current accounts                                                            | 381           | 381            | -            | -            | -            | -            | -                     |
| <b>OUTSTANDING BORROWINGS AND DEBT</b>                                                          | <b>37,664</b> | <b>6,914</b>   | <b>3,959</b> | <b>4,292</b> | <b>2,381</b> | <b>1,552</b> | <b>18,566</b>         |
| Assets related to financing                                                                     | (66)          | (2)            | (2)          | (1)          | -            | -            | (62)                  |
| Financial assets qualifying and designated as at fair value through income                      | (820)         | (820)          | -            | -            | -            | -            | -                     |
| Cash and cash equivalents                                                                       | (9,982)       | (9,982)        | -            | -            | -            | -            | -                     |
| <b>NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, MARGIN CALLS AND AMORTIZED COST</b> | <b>26,796</b> | <b>(3,890)</b> | <b>3,957</b> | <b>4,292</b> | <b>2,381</b> | <b>1,552</b> | <b>18,504</b>         |

## Confirmed undrawn credit facility programs

At June 30, 2015, the maturities of the Group's confirmed undrawn credit facility programs are analyzed in the table below:

| <i>In millions of euros</i>                | <b>Total</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>Beyond 5 years</b> |
|--------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Confirmed undrawn credit facility programs | 13,623       | 395         | 1,330       | 1,267       | 4,827       | 210         | 5,594                 |

The maturity of the €5 billion syndicated loan was extended by one year to April 2020.

At June 30, 2015, no single counterparty represented more than 6% of the Group's confirmed undrawn credit lines.

## NOTE 7 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.

This Note describes the key developments in the proceedings presented in Note 28 to the consolidated financial statements for the year ended December 31, 2014, as well as new proceedings which have arisen in the first half of 2015.

Provisions recorded in respect of these proceedings totaled €687 million at June 30, 2015 (€891 million at December 31, 2014).

### 7.1 Legal and arbitration proceedings

#### 7.1.1 Squeeze-out bid for Electrabel shares

In a ruling dated March 26, 2015, the Brussels Court of Appeal held that the claim filed by Deminor and others for additional consideration was admissible but unfounded and ordered them to pay GDF SUEZ SA €33,000 in costs. The Court's decision is now final.

#### 7.1.2 La Compagnie du Vent

As part of the legal proceedings launched against GDF SUEZ and La Compagnie du Vent (LCV) by SOPER and Jean-Michel Germa before the Montpellier Commercial Court on March 14, 2013, the claim seeking that the decisions taken at the LCV partners' meeting of May 27, 2011 be declared null and void was rejected in a ruling dated January 26, 2015. SOPER and Jean-Michel Germa lodged an appeal against the ruling before the Montpellier Appeal Court on February 13, 2015 and the decision is pending.

#### 7.1.3 Objection to the CREG's approval of ELIA's injection tariffs

On June 14, 2013, the Federation of Belgian Industrial Energy Consumers (Febeliec) launched proceedings before the Brussels Court of Appeal to overturn the decision by the Belgian Gas and Electricity Regulation Commission (*Commission de Régulation de l'Électricité et du Gaz* – CREG) of May 16, 2013 which validated the latest tariff proposal submitted by ELIA for the period between 2012 and 2015. Electrabel intervened in these proceedings in order to defend the tariffs that were approved on May 16, 2013. The Court of Appeal rejected Febeliec's claims in a decision dated March 25, 2015.

#### 7.1.4 Argentina

By two decisions dated July 30, 2010, the International Center for Settlement of Investment Disputes (ICSID) recognized the liability of the Argentinean State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. It was decided that the amount of damages to be paid in compensation for the losses sustained would be set by experts.

Further to an expert report submitted in September 2013 regarding the concession in Buenos Aires, as well as several hearings which took place in 2014, on April 9, 2015, the ICSID ordered the Argentinean State to pay USD 405 million in respect of the termination of the water distribution and treatment concession contracts in Buenos Aires. A new stage in the proceedings is currently under way to seek the enforcement of the ICSID's decision. The Argentinian State has the right to appeal this decision. An expert report on the concession in Santa Fe was submitted to the ICSID in April 2014 and the proceedings are currently ongoing. The ICSID's decision is expected in 2015.

As a reminder, prior to the merger of SUEZ and Gaz de France and the stock market listing of SUEZ Environnement Company, SUEZ and SUEZ Environnement entered into an agreement providing for the economic transfer to SUEZ Environnement of the rights and obligations relating to the ownership interest held by SUEZ in Aguas Argentinas (AASA) and Aguas Provinciales de Santa Fe (APSF).

### 7.1.5 Fos Cavaou – Construction

The award delivered by the arbitration court on February 13, 2015 has been enforced.

Fosmax LNG brought an action for annulment of this decision before the *Conseil d'État*, via a petition filed on February 18, 2015 and supplementary observations filed on June 18, 2015.

### 7.1.6 Objection to Belgian nuclear contributions

On June 26, 2015, Electrabel filed an appeal with the Belgian Constitutional Court seeking the annulment of the law of December 19, 2014, which established a €407 million nuclear contribution for 2014 to be borne by Electrabel.

### 7.1.7 Claim by E.On regarding nuclear contributions in Germany and Belgium

On November 26, 2014, E.On Kernkraft GmbH (hereinafter "E.On") submitted a request for arbitration to the ICC International Court of Arbitration against Electrabel. E.On is seeking (i) the payment by Electrabel of a portion of the German nuclear contribution in the amount of approximately €35.9 million plus interest and (ii) the repayment of the Belgian nuclear contribution paid by E.On in the amount of approximately €200 million plus interest.

Electrabel has filed counterclaims disputing claims, and has filed a response with the ICC. Electrabel is seeking (i) the payment of the full amount invoiced to E.On for the Belgian nuclear contribution and not yet paid in the amount of approximately €93 million plus interest and (ii) the repayment of the German nuclear contribution paid by Electrabel in the amount of approximately €190 million plus interest.

### 7.1.8 Tihange 1 – Belgium

The application for interim measures filed by Greenpeace with the Brussels Court of First Instance was heard on March 16, 2015. This application was deemed to be inadmissible in a decision of June 1, 2015, which Greenpeace has since appealed.

### 7.1.9 Maestrale wind farms - Italy

On February 13, 2013, the Group, via its subsidiary International Power, disposed of 80% of IP Maestrale and its subsidiaries to the Italian company ERG.

On November 5, 2014, ERG informed International Power Consolidated Holdings Limited, an ENGIE Group company, that the Italian Ministry of Economic Development had revoked the subsidies permitted under the "Maestrale" law no. 488/1192 by a decree. Pursuant to this decree, the companies concerned must repay the subsidies that have been paid up until now, plus interest, within sixty days of notification to do so. ERG is seeking from the Group the repayment of losses incurred (around €45.8 million) pursuant to the agreement for the sale of the companies concerned.

On January 30, 2015, said companies submitted an extraordinary appeal to the President of the Italian Republic disputing and requesting the annulment of these orders.

### 7.1.10 Total Energie Gaz

On June 24, 2015, GDF SUEZ, Total Gas & Power, and Total Energie Gaz signed an agreement in settlement of their disputes regarding several requests for price reviews in relation to supply agreements entered into by GDF SUEZ with Total Energie Gaz and by GDF SUEZ with Total Gas & Power.

## 7.2 Competition and concentration

### 7.2.1 Gas and electricity supply markets in France

On March 27, 2015, the competition authorities informed GDF SUEZ that a claim of alleged abuse of a dominant position by GDF SUEZ on the gas and electricity supply markets had been referred to them by UFC Que Choisir, a French consumer group. Direct Energie also lodged a similar complaint with the competition authorities against the Group on April 15, 2014. The investigation is currently under way and the Group is cooperating fully with the inquiries.

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## NOTE 8 RELATED PARTY TRANSACTIONS

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Transactions with related parties during the period did not have a material impact on the Group's financial position or results for the six months ended June 30, 2015.

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## NOTE 9 SUBSEQUENT EVENTS

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On July 29, 2015, Electrabel and the Federal government of Belgium reached an agreement in principle concerning (i) the conditions relating to the ten-year extension of the operating lives of the Doel 1 and Doel 2 reactors as well as (ii) on the provisions relating to the measurement of the nuclear contribution for the nuclear power generators concerning the Doel 3, Doel 4, Tihange 2 and Tihange 3 nuclear units.

The next steps will include:

- the agreement of the Belgian Federal Agency for Nuclear Control concerning the extension of the Doel 1 and Doel 2 units;
- the preparation of a draft bill that will be tabled when the Parliament resumes sitting;
- a convention setting out the principles laid down in the law.



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# 04 STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2015 FIRST-HALF FINANCIAL REPORT

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I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements for six months ended June 30, 2015 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and net result of the Company and all the undertakings included in the consolidation, and that the interim management report presents a fair view of the significant events of first-half 2015, their impact on the interim financial statements, the main related party transactions and the main risks and uncertainties to which the Group is exposed for the second half of 2015.

Courbevoie, July 29, 2015

Chairman and Chief Executive Officer

**Gérard Mestrallet**



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# 05 STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST-HALF FINANCIAL INFORMATION

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*This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholder's general meeting, and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of ENGIE, for the period from January 1 to June 30, 2015, and
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of ENGIE board of directors in a context of high volatility of the markets, which already prevailed at the preceding year-end closing, and whose consequences make it difficult to forecast economic mid-term perspectives. This context is described in note 1.2 "Use of estimates and judgment" in the condensed half-year consolidated financial statements. Our role is to express a conclusion on these financial statements based on our review.

## **I- Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the level of assurance we obtain about whether the condensed half-year consolidated financial statements taken as a whole, are free of material misstatements is moderate, and lower than that obtained in an audit.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-year consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to note 1.3 "Accounting methods" in the condensed half-year consolidated financial statements which describes the impact of the interpretation IFRIC 21 – *Levies*.

## **II- Specific verification**

We have also verified the information presented in the interim management report commenting on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 29, 2015

The Statutory Auditors  
French original signed by

**DELOITTE & ASSOCIES**  
Véronique Laurent

**ERNST & YOUNG et Autres**  
Pascal Macioce



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ENGIE: a public limited company with a share capital of 2,435,285,011 euros  
Register of Commerce: 542 107 651 RCS PARIS  
Corporate headquarters: 1, place Samuel de Champlain, 92400 Courbevoie  
T +33 (1) 41 20 10 00 - F +33 (1) 41 20 10 10  
[gdfsuez.com](http://gdfsuez.com)

